

# The National Underwriter

A WEEKLY NEWSPAPER OF INSURANCE

THURSDAY, AUGUST 25, 1932

## A Few Reasons Why It Pays to Sell Travelers Accident Insurance

### MICHIGAN—\$25 A WEEK

Commercial Traveler—

Railroad accident—train brought to a sudden stop, insured's head was thrown forward and back twice, fracturing the Atlas. He wears a steel neck brace and exertion of any consequence brings on temporary paralytic strokes.

*Paid (double indemnity) since 1912—\$52,925.*

### NEW YORK—\$50 A WEEK

Commercial photographer—

Going down stone steps from his studio, slipped and fell, landing heavily on his back, fractured spine—wears plastercast.

*Paid since 1922—\$26,100.*

### PENNSYLVANIA—\$25 A WEEK

Superintendent of Mines—

In mine; a fall of slate and coal fell on him, causing fracture of first vertebra.

*Paid since 1925—\$9,999.29.*

### MASSACHUSETTS—\$50 A WEEK

Salesman—

Tripped and fell entire flight of stairs; concussion of brain—fracture of skull, paralysis of right side.

*Paid since 1926—\$16,600.*

### OREGON—\$25 A WEEK

President manufacturing concern—

Boarding train, slipped off icy step, fractured 4th and 5th vertebrae causing paralysis of lower extremities.

*Paid (double indemnity) since 1922—\$24,971.43.*

### RHODE ISLAND—\$62.50 A WEEK

Lumber Merchant—

Slipped on ice in his yard, landing heavily, fracturing vertebra in neck, has to wear a heavy harness to keep his head erect.

*Paid since 1924—\$26,200.89.*

### OHIO—\$20 A WEEK

Retail butcher—

In automobile, collided with street car, sustained fractured skull and arm, and dislocation of shoulder.

*Paid since 1923—\$9,202.86.*

### NOVA SCOTIA—\$25 A WEEK

Manager Laundry—

Steps of summer cottage collapsed, throwing insured on rocky ground, sustaining compound fracture of thigh.

*Paid since 1926—\$7,925.*

## T H E T R A V E L E R S

Life . Accident

Liability . Automobile

Health . Steam Boiler . Compensation

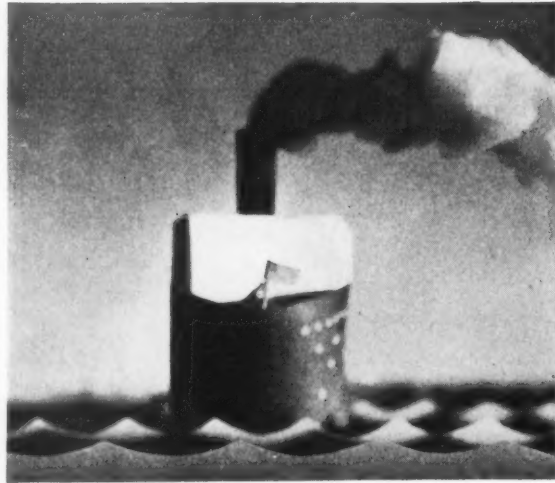
The Travelers Insurance Company  
The Travelers Indemnity Company  
The Travelers Fire Insurance Company  
Hartford, Connecticut

Fire . Windstorm

Group . Plate Glass . Aircraft

Burglary . Machinery . Inland Marine

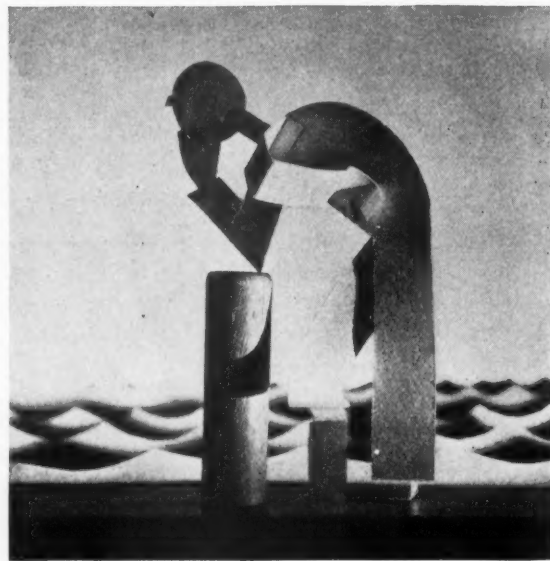
## WHEN THEY KNOW THEY'RE NOT FORGOTTEN



*by the man  
they can't forget*

The man they can't forget is the insurance agent who did so much to give them freedom from worry while they were on their trip. He pointed out to them the need for Tourists Baggage insurance. He explained other coverages to them as well, and they bought such fire and casualty policies as would assure them that many of the things which might happen at home would not ruin their trip abroad. . . . To keep you posted on the inland marine and other fire lines which take on an added significance during the vacation season, the current issue of The Employers' Pioneer is devoted largely to The Employers' Fire Insurance Company. What are the duties of the insurance fraternity as respects fire preven-

tion? Is there really a tornado belt? Is the assured always able to keep the fire hazard in his own home at a minimum? Is the present day danger that of being over-insured, fire-wise? . . . These, and other questions are discussed in this issue. Your request places your name on the mailing list, at no obligation on your part. Write the Publicity Department, 110 Milk Street, Boston.



## THE EMPLOYERS' GROUP

The Employers' Liability Assurance Corporation, Ltd. . . . The Employers' Fire Insurance Company . . . American Employers' Insurance Company . . . 110 Milk Street, Boston, Mass.

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SUBSTANTIAL  
past performance  
progressive management  
and demonstrated  
service are factors  
which commend the  
NORWICH UNION  
to successful agents

## NORWICH UNION FIRE INSURANCE SOCIETY, LTD.

75 Maiden Lane, New York

Hart Darlington, Manager

## Eagle Fire Company of NEW YORK

Incorporated 1806

75 Maiden Lane, New York

Hart Darlington, President

*The Oldest New York Insurance Company*

## NORWICH UNION INDEMNITY COMPANY

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Hart Darlington, Chairman of the Board

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Sell your clients adequate  
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AMERICAN EAGLE FIRE INSURANCE COMPANY FIRST AMERICAN FIRE INSURANCE COMPANY MARYLAND INSURANCE COMPANY OF DELAWARE

*Eighty Maiden Lane,*

THE FIDELITY AND CASUALTY COMPANY

*New York, N.Y.*

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ERNEST STURM, Chairman of the Board  
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DALLAS

MONTREAL



# The National Underwriter

Thirty-Sixth Year No. 34

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, THURSDAY, AUGUST 25, 1932

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## New England Now Leading the Field

Has Made Greatest Progress in Recovering from Depression, Survey Shows

### SOUTH STILL SUFFERING

Middle Atlantic and Pacific States Also Reported in Business Revival—Unfriendly Fires Bother

By GEORGE A. WATSON

NEW YORK, Aug. 24.—A survey of the fire insurance field reveals that conditions generally are more satisfactory in New England than in any other section of the country. The explanation is that as the territory was the first to experience the depression, so it has been the first to work its way out, partly to be sure, and yet affords clear evidence by a quickening of the leather and to a lesser extent of other industries, that business is on the mend and constant if slow improvement may confidently be looked for.

To a degree the same applies to the middle Atlantic states and to the Pacific Coast. The central west and the south continue to be the territories most unsatisfactory from a fire underwriting standpoint, premiums in both sections being considerably below those of normal years and each reporting a growing number of losses.

#### South Still Is Suffering

As to whether the ratio of premium reduction in the south is greater than that of the west is a question, the prevailing impression being, however, that the undesirable palm must be awarded the former field. With tobacco crops below average in sight for both Virginia and the Carolinas and the low price ruling for cotton, the two great products of the agricultural south, the prospect for increased premium income the rest of the year is not bright, and company officials as a rule have settled to the conviction that no money will be made on their southern operations in 1932. They are endeavoring rather to hold the ultimate loss as nearly within bounds as possible.

Dwellings continue to burn with uncanny frequency, despite repeated urgings on the part of companies that agents watch risks of this character to prevent overinsurance or other factors making for moral hazard. That many of the losses are the result of "unfriendly fires" is the fixed conviction of company chiefs, else why, they ask, would there be such a marked increase in the number of burnings? In certain southern cities that heretofore had creditable loss records, dwelling fires have occurred with such frequency as to excite fire and police departments to the greatest activity, without, however, accomplishing any appreciable beneficial result.

One desirable feature of the southern

## Decided Upward Trend in Dwelling Losses in West

LANSING, MICH., Aug. 24.—Proof of abnormal loss experience in the residential field has been provided in a check-up recently made on losses in the territory served by the western department offices here of the Boston and Old Colony. Results of the survey, according to B. L. Hewett, manager, show that fully 50 percent of the fire loss for the three months covered, fell in the dwelling classification whereas normally not more than one-third of the loss would be residential.

The territory served from the Lansing offices comprises 15 states, all of which show very similar experience, Mr. Hewett said. He is of the opinion that the growing moral hazard must be blamed for the excessive losses as the losses of a seasonal character would apparently have been minimized.

#### Feel Economic Pressure

As Mr. Hewett views it, the accumulated economic pressure of the depression has been making itself felt much more acutely among home-owners and those buying homes on contracts with a resultant breakdown of ethics in the face of genuine calamity. In many cases, Mr. Hewett points out, the householder has his choice between cashing in on a \$1,000 or \$1,500 fire insurance policy on his household goods or turning over the same goods because he has defaulted on a chattel mortgage involving perhaps a \$300 loan. The companies are finding scores of instances, he said, in which unreported chattel mortgages have technically voided fire coverage but the more reputable companies, he says, have not been defending such cases but have paid the claims in spite of their dubious legality. Mr. Hewett lays part of the blame for the situation on the small loan companies which have done their utmost to loan money to distressed families at high rates of interest and have seldom informed them that placing chattel mortgages on their

furniture affected their fire insurance protection unless the company gives its consent. Officials of such companies have been warned many times, he said, that they are jeopardizing their clients' interests by failing to inform them that they must notify their insurance companies. The loan companies, however, have apparently found that when notification is given the coverage is all too often canceled so they keep silent.

#### Lose Sight of Value

Keeping the balance of insurance to value is of no particular avail in the circumstances, Mr. Hewett contends, as the economic pressure is so great in many instances that value is lost sight of entirely and the insured wants merely to obtain some cash and sees his fire insurance policy as a last resort.

The difficulty of fighting arson in the home is an important factor in the situation, Mr. Hewett emphasizes, as fires may be more adroitly staged than elsewhere. In many instances, he believes, the companies are satisfied that a blaze has been incendiary but they realize that nothing can be proved so do not even hint their suspicions. Formerly, he pointed out, the companies considered a man's home the last place in which to expect arson but times have so changed that depressions nowadays bring out the moral hazard in the dwelling field more acutely than almost anywhere else.

#### Find Fires Profitable

The extensive operations conducted by real estate promoters and builders who sold homes on long contracts at inflated prices have left many householders in a position where a fire is extremely profitable to them now and they cannot resist the temptation.

The trend toward excessive residential losses was first noticed last winter, Mr. Hewett said, and it has prevailed since then.

situation is the support given by organization companies to the separation movement determined upon by the Southeastern Underwriters Association some months ago. While as is always the case, a limited number of companies have failed to withdraw from agencies representing mutuals, the great majority have drawn the line of cleavage and insist that their field men strictly enforce the separation rule.

#### Effective Cooperation Found

The presence of mutuals in stock agencies long hampered activities of the latter class of carriers, and finally compelled stock offices to determine on separation. Local agents are free to elect whatever class of companies they see fit, but they cannot represent both stock and mutual organizations. Stock companies cooperate more effectively in the south, perhaps, than in any other section of the country, fully 96 percent of the fire premiums in the territory, it is figured, being written by association offices.

For a time the Public Fire as a free

lance institution proved a "thorn in the flesh," but in recent years its activities were materially curtailed, and with its reinsurance in one of the Corroon & Reynolds fleet, its competition is now of the past. Such other stock companies as continue to operate independently cause no uneasiness, their aggregate writings cutting no particular figure.

### Claim for Loss of Dog Under Auto Theft Form

An unusual claim has been made under an automobile theft policy. The robbers broke into a garage and stole a machine. In the garage was a valuable dog. They let him loose and the dog has not been found. Claim has been made therefore under the automobile theft policy for the loss of the dog.

## Philadelphia Group Chairmen Selected

New Developments in National Association Annual Meeting Program Announced

### PLAN LIBRARY EXHIBIT

Breakfast and Luncheon Conferences on Agents' Problems Scheduled—Railroad Man to Speak

NEW YORK, Aug. 24.—New plans for the annual convention of the National Association of Insurance Agents in Philadelphia, Sept. 20-23, have been announced. Joseph Barr, Oil City, Pa., will preside at the group luncheon for agents producing up to \$100,000 in premiums annually; F. J. Lewis, Milwaukee, will direct the discussions at the \$100,000 to \$300,000 division, while the conference for agents whose production is in excess of \$300,000 will be conducted by A. I. Wolff of Chicago, National association executive committee-man.

#### Breakfast Conferences Scheduled

It is anticipated that the group breakfast conferences will also be of great interest, with agents located in cities of 50,000 population or less to be presided over by W. I. Edwards, Nashville; F. T. Priest, Wichita, chairman National association local board committee, will direct the group from cities of 50,000 to 250,000, while C. O. Ransom, Cleveland, will have charge of agents from cities in excess of 250,000 population.

The breakfasts will start at 8 o'clock, discussions upon business affairs starting 30 minutes later and to be continued for one hour. Mr. Ransom's section will devote 20 minutes to each of these subjects: "In and out" rules; whether or not members should represent companies which non-members represent and deal with non-members; sole or limited agency representation and its obligations, and the control of non-policy-writing agency appointments.

#### Railroad Man to Speak

The headline speaker at the get-together dinner Sept. 20 is J. J. Cornwell, general counsel Baltimore & Ohio Railroad. Other dinner features will be announced later.

An innovation of the gathering will be an exhibit by the insurance branch of the Special Libraries Association at the convention headquarters in charge of Laura A. Woodward, Maryland Casualty librarian. The leading publications on all branches of insurance will be on exhibit. The librarians in charge will be equipped to furnish information to the delegates to the convention and to answer questions dealing with insurance problems which will be made the subject of special study and research. Delegates are invited to submit queries

(CONTINUED ON PAGE 11)

## Gandy Declares Agents Fight Increase in Taxes

TELLS BIRMINGHAM ACTION

Contents That the Men on the Firing Line Are Opposed to These Levies

Charles L. Gandy of Birmingham, Ala., chairman executive committee National Association of Insurance Agents and well-known agency leader, objects to a statement in a recent edition, which said:

"The companies say that the agents are not interested in combating municipal license taxes, because they, of course, get a commission on the additional premium, which represents the tax loading. The state also gets an additional premium tax based on the extra amount."

Mr. Gandy in commenting on this paragraph, said: "I believe I can prove to you that agents country-wide are constantly doing everything possible to forestall increased municipal and state taxes. Up to 1925 fire companies paid a license tax of 4 percent on net premiums for the privilege of doing business in Birmingham. The agents got behind the candidates for municipal office and secured a promise that this tax would be reduced. Our candidates were elected and the tax was immediately reduced to 2½ percent, where it stands today. The Alabama Association of Insurance Agents was solely responsible last year for the defeat in the Alabama legislature of a vicious bill which would have greatly increased taxes paid by insurance companies.

"I have personal knowledge that agents in a great many other states are just as vigorous in this connection as are the agents of Alabama. Naturally, therefore, I would like to know the names of the companies that 'say' we are not interested in combating increased taxes. They do us a great injustice, and I want to get to them the information contained herein."

## Insurance Loans by R. F. C. Made in July Are Listed

WASHINGTON, D. C., Aug. 24.—Approximately 5 percent of all the loans made by the Reconstruction Finance Corporation the last 10 days of July were to insurance companies, it is disclosed in figures made public this week. The amounts advanced to insurance totaled \$2,247,500 out of a total of advances of \$49,711,056.

The total of loans made by the corporation since its creation totaled \$866,047,522 at the end of July, at which time also loans totaling \$223,882,599 had been authorized but not disbursed. Of these loans, insurance companies had received \$49,142,315, it was shown, and there were also loans totaling \$16,187,611 authorized to insurance companies but not disbursed.

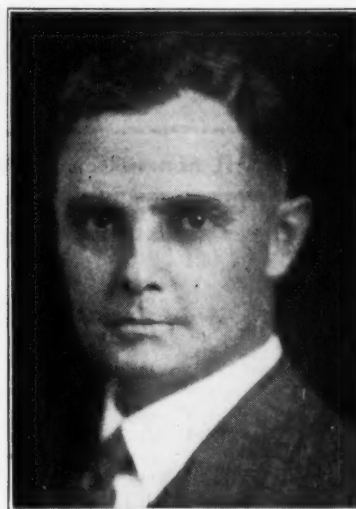
The insurance loans made during the period covered by the report, the first to be filed under House Clerk Trimble's interpretation of the legislation, included \$850,000 to the Union Indemnity of New Orleans; \$850,000 to Missouri State Life; \$400,000 to State Life of Indianapolis; \$125,000 to the All-States Life of Montgomery, Ala., and \$22,500 to the Security Mutual Fire of Chatfield, Minn. All the loans were made at an interest rate of 5½ percent.

The Antigo Insurance Finance Co. has been formed at Antigo, Wis., by Roy and Hattie Walch and G. J. VanHorn, with \$15,000 capital, to finance payments of insurance premiums of every kind, and also to act as agent for insurance companies.

## Preside at Group Luncheons



A. I. WOLFF



F. J. LEWIS

One of the features of the National Association of Insurance Agents' annual meeting is found in the group luncheons. F. J. Lewis, Milwaukee, will preside over the \$100,000 to \$300,000 premiums group while A. I. Wolff, Chicago, will have charge of the agents producing in excess of \$300,000.

## Commissioner Kidd Rules on Security Valuations

Indiana Commissioner Kidd has made the following rules for the valuation of securities to be followed by examiners of his department:

Bonds and other evidences of debt having a fixed term and rate, held by companies which do, and are permitted by law to, amortize such securities, are to be amortized if such securities are amply secured and not in default as to principal for more than 10 days nor as to interest for more than two years.

For all other securities, including bonds and other evidences of debt having a fixed term and rate, that are in default as to principal for more than 10 days, or as to interest for more than two years, use Insurance Commissioners' Convention values adopted for Dec. 31, 1931 annual statements even though examination is made as of a date subsequent to Dec. 31, 1931. These values are to be employed until new Convention values are formally established.

Past due interest and accrued interest on securities in default as to principal or interest, but subject to amor-

tization, are to be valued at a liquidating value if such liquidating value can be determined to the satisfaction of the examiner in charge; otherwise such interest is to be considered as a non-admissible asset.

### Securities Not Listed

If securities are not listed in the securities valuation book of the Insurance Commissioners' Convention, make diligent inquiry through independent sources (not bonding houses or financial institutions having intimate business relations with the company under examination) and from information thus obtained examiners are to rely upon judgment of the examiner in charge as to the actual market value.

## Boston and Old Colony Figures

The semi-annual statements of the Boston and Old Colony are issued. The Boston shows assets \$15,089,365, premium reserve \$5,377,286, capital \$3,000,000, net surplus \$4,000,340.

The Old Colony shows assets \$5,686,121, premium reserve \$1,630,080, capital \$1,000,000, net surplus \$2,503,556. The values of securities are based on market quotations as of June 30.

## THE WEEK IN INSURANCE

Further developments in National association meeting plans are announced. Group chairmen selected. **Page 3**

New England states lead field in recovering from depression, survey indicates. **Page 3**

Superintendent Van Schaick of New York extends time limit for filing of briefs by fire companies in controversy over marine encroachment on casualty lines to Sept. 12. **Page 5**

Fire premiums decrease 16½ percent in Manhattan and the Bronx in the first six months of 1932. **Page 5**

Charles L. Gandy of Birmingham, Ala., chairman executive committee National Association of Insurance Agents, declares that local agents oppose any increase in municipal taxes. **Page 4**

D. W. Crane of Le Roy, O., vice-president of the Ohio Farmers, died suddenly at Marion, O., Monday night. **Page 12**

Features of the program for the annual meeting of the Minnesota Association of Insurance Agents to be held in Rochester Friday are announced. **Page 14**

Loans made by Reconstruction Finance Corporation in the last ten days in July include the Union Indemnity and Security Mutual Fire of Chatfield, Minn. **Page 4**

W. J. Dutton, former president of the Fireman's Fund, died this week at the age of 85 in San Francisco. **Page 4**

C. W. Hobbs, special representative of commissioners in National Council on Compensation Insurance, confers with several insurance departments in central west which objected to new rate program. **Page 20**

New York brokers protest companies' attitude on compensation rate situation. **Page 20**

Wisconsin rejects compensation rate increases. **Page 20**

Many points of great importance to accident and health men were brought out at joint coast convention at San Francisco. **Page 31**

Another big fake auto accident ring turned up in New York State with arrest of 18 persons at Rochester, including insurance company adjuster. **Page 31**

## Former President Dutton of the Fireman's Fund is Dead

PROMINENT IN THE BUSINESS

Served a Number of Insurance Organizations in an Official Capacity on the Coast

SAN FRANCISCO, Aug. 24.—William J. Dutton, director Fireman's Fund and Home Fire & Marine, and former president Fireman's Fund, died here yesterday, aged 85. Entering the insurance business in 1867 with the Fireman's Fund as a clerk in the marine department, Mr. Dutton became an outstanding figure in insurance, and was known as the dean of the business on the Pacific Coast. In July, 1881, he became secretary of the company, was elevated to second vice-president in 1886, becoming vice-president in 1890. In January, 1900, on the retirement of President D. J. Staples, Mr. Dutton became president, serving 14 years. In 1914 he was the first official to retire under the retirement plan then inaugurated by the directors, after 47 years of distinguished service, continuing to serve as a director and taking an active interest in the companies' affairs until his death.

### Prominent in Organizations

Mr. Dutton was president of the Board of Marine Underwriters of San Francisco from 1888 to 1909 and president of the Pacific Board in 1885, later serving as vice-president Pacific Board from 1886 to 1898. He was active in business and civic affairs. He served as chairman of the voting trust of the Panama Pacific International Exposition in 1915 and was chairman of the executive committee of the World's Insurance Congress. Among the surviving children is Grayson Dutton, with the Fireman's Fund for more than 30 years, retiring last year.

Mr. Dutton's father was one of the pioneers of California and an incorporator of the Fireman's Fund. He served it for some years as vice-president.

## Investigate Pearl Assurance

California Commission Withholds License While Probing Complaints Against Non-Board Operations

SAN FRANCISCO, Aug. 24.—Pending issuance of a license to the Pearl Assurance to operate in California, Commissioner Mitchell is investigating several complaints made against the company which it is alleged state it has been accepting business by issuing binders from New York on California property placed through a non-board brokerage firm in San Francisco, although unauthorized to operate in the state.

Mr. Mitchell will hold a hearing on the complaints Aug. 29. Meanwhile the Pearl has not made formal application for admission to the Pacific Board and it is understood the Edw. Brown & Sons general agency has not commenced active representation of the company.

## North Carolina Fire Losses

Fire losses reported in North Carolina in July amounted to \$362,966 from 177 fires, as compared with \$218,799 from 166 fires in July of last year, according to Commissioner Boney. Nearly half of the month's total loss resulted from three fires, it was stated.

## American Automobile Figures

The American Automobile as of June 30 shows assets \$8,621,987, capital \$1,000,000, net surplus \$515,627. It carries a reserve of \$566,479 for security valuation.



## Extend Time Limit For Filing Briefs

Van Schaick Gives Fire Companies Additional Period in Marine Controversy

DEADLINE NOW SEPT. 12

Views and Constructive Suggestions on Avoiding Encroachment Sought by New York Superintendent

NEW YORK, Aug. 24.—Upon appeal of fire companies, Superintendent Van Schaick has extended until Sept. 12 the period within which they may file briefs with the department in the overlapping line controversy existing between fire, marine and casualty companies, an issue that has been puzzling the department and underwriters for more than a year and still awaits satisfactory solution.

At the general conference of company officials called by the superintendent in May, 1931, the intention of the department to enforce the law strictly with respect to all types of carriers was announced and marine men particularly "cautioned to study their writing powers and not to abuse the proper conception of the English language for the purpose of procuring a misconception of the meaning and intent of the law."

### Van Schaick's Observation

"For it would be inconceivable," Mr. Van Schaick observed, "that the insurance law should provide that one class of company may transact business subject to regulation of its rate for another class writing the same kind of coverage and enjoy the competitive advantage of freedom from regulation, nor was that the intent of the law."

In order to reach accord between the different types of carriers acceptable to the department, fire, marine and casualty companies, each named special committees. A series of conferences was held between these, and jointly with a representative of the department, without however arriving at a definite understanding.

### Law Interpretation Given

Superintendent Van Schaick on July 25 issued a tentative ruling giving his interpretation of Section 150 of the insurance law, which has never been wholly clear and which marine men maintained afforded them wide latitude. He likewise defined the types of risks that might properly be assumed under marine or inland transportation covers, as well as the classifications barred therefrom. The rulings were reviewed at a general gathering of the interested underwriters held in the department rooms here early this month, and opposition thereto was voiced by the marine people. Their main contention was that the ruling on imports and exports would make it difficult for shippers to make certain that their goods were covered by American insurance interests, once foreign insurance ceased to cover, as when goods arrive here from abroad on a "cost insurance and freight basis."

### Deadline Originally Aug. 24

The interested companies were asked by the superintendent to submit briefs or memoranda before Aug. 24 further defining their views and offering constructive suggestions. Fire men, who theretofore had not been especially active in the general discussions, asked for an extension of time in which to define their attitude, stating that because of the vacation absences of many leaders in the

(CONTINUED ON PAGE 27)

## Farm Insurance Problems as Seen by Local Agents

More Selectivity Is Advocated in Agency Appointments in Farm Field

By F. W. NEWBERRY

JAMESTOWN, N. D.—I, too, have read with much interest Sam Morrison's remarks and those of Ira D. Goss published in your magazine, and today I have enjoyed reading A. B. Gookin's article.

To me Mr. Gookin has hit the "nail on the head" when he refers to "indiscriminate appointments." The situation in his city exists all over the country. Some field men are still appointing anyone that will produce a few dollars in premiums, regardless of the ability of the agent. A merchant in a country store, or a depot agent, or an elevator manager, is generally found to be the agent in the smaller towns in North Dakota. This agent's other duties prevent him from making a personal inspection of what he is insuring. He knows the man he is dealing with and remembers having seen the buildings at one time or another but the application is filled out and signed, not out on the farm after an inspection has been made, but in the agent's office.

### Should Use Selectivity

My idea of keeping production up, letting commissions on farm business stand as they are and reducing the loss ratio at the same time is briefly summed up in "pick your agent." In these days of good roads the country over there is little or no necessity in a company appointing an agent in any village within 30 miles of a larger town. Pick an agent in a larger town, throw the territory open to him and let him by so doing afford to hire a farm solicitor who will inspect every risk before accepting the business. If the field man finds his agent is taking business over the counter without inspection, get another agent, or force the one he has to do business as it should be done.

For seven years we acted in the capacity of district agent on farm business for one of the companies we represent. Our business was well over the \$20,000 mark annually at the time all district agencies were declared "taboo." During that period of seven years our annual loss ratio was less than 25 percent. Why? Simply because our farm solicitor inspected every risk from the garret to the basement before the risk was accepted. And even yet today, while our volume is not as large as formerly, our loss ratio hovers around the 25 percent ratio.

### Looks After Business Personally

We solicit our business on the farm, we renew our existing policies on the farm and we don't stand outside all the time looking at the buildings; we go inside and inspect the chimneys and flues. Every farm policy written requires that the agent make from two to three trips to the farm between the time the application is taken and the note is paid. If his commission is lowered he cannot afford to write the business and create any expense in so doing. What will happen then? Even the good agent will go back to the "counter days" and the companies will be worse off than ever.

Let the companies do business with qualified agents, cut out the depot agent and the merchant, leave the commissions as they are so that the agent receives a livelihood worthy of his effort and the loss ratios will be corrected. Certainly the cutting of 5 percent off the agent's commission will not cure the evil.

Business Too Highly Standardized—Individual Initiative Is Hampered

By C. W. MAHAN

ADRIAN, MO.—Some recent articles in your publication written by two Iowa farm agents, Messrs. Morrison and Gookin, have aroused me to express some thoughts regarding the writing of farm insurance that I have harbored for some time. And, in writing you I do not intend to make this any inducement for a free-for-all entry in the discussion and glut the insurance literary market.

Both Mr. Morrison and Mr. Gookin express in many ways my opinion, but we must hold at all times it makes a vital difference from whose point of view we look. Human nature is so constituted that it is hard indeed not to be biased, and that applies to both agents in the field and the manager at his desk.

### Modern Farm Fire Agent

For instance, Mr. Morrison's description of the farm agent is hardly the picture I have of him. It may be a likeness of the "old time" farm solicitor who went from house to house, drove a pony and rode a cart, waded mud and fought snow, and who was barely known at home. His day is past, and today's full time, conscientious, honest farm representative is a man of integrity and has a high standing in his community, who drives to his business in an automobile, and notwithstanding the severe trials and tribulations he is subjected to, yet is broad enough to appreciate he is not the only one that has his troubles. Conversely, and with the best of feeling, I think Manager Goss' reply to Mr. Morrison was not exactly befitting in some respects, in that he apparently did not consider Agent Morrison qualified to speak, and the tenor seemed to be just a little colored with sarcasm.

### Farm Managers Are High Grade

My experience with farm managers, and I have known four of them personally, two of the four intimately, has been good. They are practically always men of character who intend to do the fair and proper thing, and in so doing

(CONTINUED ON PAGE 27)

## Premiums Are Off 16% in New York

Unofficial Reports for First Six Months Indicate a Decline

IS CAUSED BY DEFLATION

Brooklyn Expected to Show Decrease Similar to That in Manhattan and Bronx

NEW YORK, Aug. 24.—Publication of fairly complete though unofficial figures of the fire and sprinkler leakage premiums and such automobile and Interstate Underwriters Board returns as companies are required to make reveals a falling off of approximately 16 percent in the income on business in the boroughs of Manhattan and the Bronx for the first six months of the year, compared with the same period of 1931. When the returns for the borough of Brooklyn are available a like percentage of shrinkage may be expected. That the premium income for the first half of the year would disclose a decrease was confidently anticipated, the only speculation being as to its extent.

### More Pronounced in New York

The causes inducing such result are not peculiar to New York City, though perhaps more pronounced here than elsewhere, by virtue of the financial and mercantile supremacy of this metropolis. The heavy deflation in real estate values, plus the relatively small amount of new building construction that has taken place since Jan. 1, naturally brought about a reduction in building lines and to this must be added the gain in the number of sprinklered risk properties, with corresponding lessening in rates. In the aggregate these factors are responsible for a considerable part in the premium reduction.

### No Longer Carry Heavy Stocks

Mercantile establishments no longer carry the heavy stocks of former years, many concerns finding it advantageous to locate distributing branches at

(CONTINUED ON PAGE 27)

## June 30 Fire Statement Figures

(As Filed with Georgia Insurance Department)

Stock Fire					
Company—	Capital	Assets	Surplus	6 Mos. Income	6 Mos. Disburs.
Aetna	\$7,500,000	\$42,116,251	\$11,200,087	\$10,247,616	\$11,870,177
Agricultural	3,000,000	11,776,926	1,866,921	2,940,921	3,700,789
Alliance, Pa.	1,000,000	6,578,050	2,091,099	1,213,703	1,480,260
Atlantic Mutual	186,492	677,753	237,292	303,655	308,578
Atlas Assurance		6,196,801	2,386,818	1,605,493	1,872,968
Boston	3,000,000	15,089,364	4,242,812	3,284,660	3,385,075
Commonwealth	1,000,000	5,842,778	1,851,572	1,238,134	1,496,726
Continental	4,873,989	64,973,979	10,254,247	12,510,730	14,191,188
East & West	1,000,000	2,170,570	477,895	310,094	263,733
Fidelity Phenix	2,750,000	50,830,129	5,388,194	9,796,161	11,283,144
First American	1,000,000	3,283,810	434,402	495,061	541,611
Georgia Home	500,000	2,324,503	416,544	404,314	368,701
Great American	8,150,000	43,096,398	8,597,235	9,042,816	11,590,407
North America	12,000,000	63,349,196	18,054,134	12,680,792	15,065,562
LaFayette	200,000	873,249	486,697	87,697	64,545
Maryland	1,000,000	2,222,828	244,308	237,975	212,188
Merchants Fire, N. Y.	1,750,000	10,482,423	1,453,449	2,101,771	2,313,824
Monarch Fire	1,000,000	3,538,060	516,976	1,001,771	1,075,723
National Liberty	4,000,000	15,523,874	2,227,577	4,055,604	5,064,858
National Security	1,000,000	2,100,420	564,472	268,677	280,241
Niagara	2,000,000	18,146,367	3,500,190	2,209,721	3,350,655
North British & Merc.	400,000	13,471,522	4,474,628	3,539,644	4,158,005
Old Colony	1,000,000	5,686,121	2,519,071	1,027,364	989,091
Patriotic	1,000,000	2,473,554	557,332	433,728	471,146
Pennsylvania	1,000,000	12,656,682	3,939,374	2,827,362	3,598,297
Phila. Fire & M.	1,000,000	3,874,389	911,310	819,610	764,602
Phoenix, Conn.	6,000,000	32,056,649	13,660,539	5,279,302	5,679,956
Security, Conn.	5,000,000	8,908,721	1,261,441	2,605,846	2,870,234
Sun Underwriters	600,000	1,467,732	266,773	329,203	379,449
Mutuals					
Company—	Assets	Surplus	6 Mos. Income	6 Mos. Disburs.	
Carolina Mutual	\$482,657	\$393,341	\$53,383	\$54,651	
Millers Mutual, Tex.	1,244,777	662,890	411,202	427,126	



The **Gulf** of Texas has been licensed in Ohio.

## POLICY PETE :- HE GOT RESULTS ANYHOW

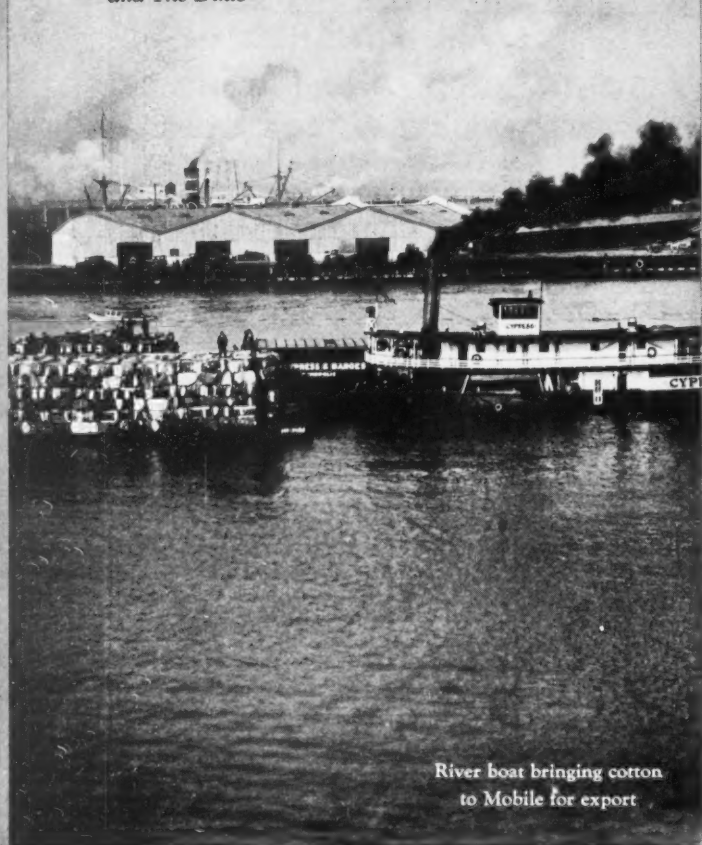


THE HOME INSURANCE COMPANY NEW YORK  
 59 MAIDEN LANE ORGANIZED 1853 NEW YORK, N. Y.

Strength « » Reputation « » Service



## 'Way Down South and The Dixie



River boat bringing cotton  
to Mobile for export

## MOBILE Alabama

**M**OBILE, second largest city in Alabama, is known as the "City of Five Flags." Founded in 1711 by the French, it came successively into the possession of England, Spain, America and the Confederacy. From the ashes of the Confederacy arose a new American city, rich in history and tradition. Moss-grown epitaphs in French and Spanish; wrought iron grill work on 18th century houses; trees and azaleas planted by men who knew Napoleon; Aaron Burr's capture; Wilkinson; Farragut, and memories of men who fought in gray—all these blend in Mobile.

Today, Mobile is one of the major ports on the Gulf, enjoying a large export trade and leading all other ports on the Gulf in shipments to the west coast of the United States. It is served by five railroads and over fifty steamship lines. The Alabama and Tombigbee Rivers provide low-cost water transportation from the Birmingham coal and iron district and the rich agricultural sections of the Black Belt.

The city is famous for its "Azalea Trail" through its residential district, having over 25,000 azalea bushes blooming each March. There are eight public parks and fourteen supervised playgrounds for children; 54 public and private schools and one college; 143 churches and 23 welfare organizations. The city is surrounded by rich truck farms, and Satsuma orange and pecan orchards.

## The DIXIE

FIRE INSURANCE COMPANY  
Greensboro, N. C.  
Organized 1906  
ONE OF THE AMERICAN GROUP

## Program Is Announced for Montana Agents' Meeting

**BUTTE, MONT., Aug. 24.**—The annual meeting of the Montana Association of Insurance Agents to be held here next Monday and Tuesday is attracting much attention. The principal address will be given by Bruce M. Hay, president of the Spokane Insurance Association and regional vice-president of the Washington Insurance League. Insurance Commissioner G. P. Porter of Montana will speak, as will Lieutenant Governor Hazelbaker. There will be a proposition favoring a more adequate agents qualification law in the state and one opposing monopolistic workmen's compensation. There will be an urge to work for a strong state association affiliated with the National Association of Insurance Agents and independent of the Montana real estate dealers. The present organization is a joint association with the real estate men. It is expected that about 75 agents will attend.

## Late Casualty News

### McLaughlin to U. S. Casualty

**NEW YORK, Aug. 24.**—C. F. McLaughlin will leave the Home Indemnity to become manager of the burglary branch of the United States Casualty for the metropolitan department. For the past 22 years he has been connected with the burglary divisions of a number of important companies and has an expert knowledge of the line.

### Rates for Casualty Meeting

Special railroad rates have been obtained for the conventions of the International Association of Casualty & Surety Underwriters and the National Association of Casualty & Surety Agents at White Sulphur Springs, Sept. 27-29. Detailed information may be secured from C. W. Olson, Jr., chairman of the joint transportation committee, Insurance Exchange, Chicago, or from other members of the committee.

### Will Talk on Compensation

"Ominous Abuses Threatening the Insurability of Workmen's Compensation is the title of the address F. Robertson Jones, general manager Association of Casualty & Surety Executives, is scheduled to deliver at the annual gathering of the International Association of Insurance Counsel at White Sulphur Springs, W. Va., Sept. 8-10.

### Davis Justifies Rate Raise

Addressing agents of the United States Fidelity & Guaranty, President E. A. Davis stresses the need for increased rates on compensation business, and points out the primary reason for the opposition of non-stock carriers to the stock companies' program.

## Lovely Laughter Lyrics Edited by Earl E. Fisk



EARL E. FISK

Alfred A. Knopf, the New York publisher at 730 Fifth avenue, in his fall catalogue, announces the new book "Lovely Laughter," edited with a preface by Earl E. Fisk of Green Bay, Wis., well known local agent and chairman of the publicity and educational committee of the National Association of Insurance Agents. This book is an anthology of 17th century love lyrics and is artistically illustrated by Vera Willoughby. The publishers say: "The 17th century poets have never been surpassed as writers of polished and exquisite light verse. Fear of moral contamination has kept many of these poems hidden these past 300 years and they have been undeservedly forgotten. Mr. Fisk has displayed a sound knowledge of the period and good taste in his choice of lyrics." This book will be published Oct. 15 and the probable price will be \$15. The issue is limited to 450 copies for America.

### Secretary Moses Recuperating

Frank D. Moses of Harrisburg, Pa., secretary of the Pennsylvania Association of Insurance Agents, recently went through a severe operation and is now recovering. He is expected to be well enough to attend the state meeting and that of the National association in Philadelphia next month.

### Loss Bureau in Charge

Adjustment of the Quincy elevator loss on Goose Island in the Chicago river is being conducted under direction of the Cook County Loss Adjustment Bureau. The bureau has supervision over all fire losses in Cook county.



Automobile (All Covers)  
Fire and Tornado  
Public Liability Plate Glass

**UNION INSURANCE COMPANY of INDIANA**  
Executive Office—Indianapolis, Ind.

**A** strong, progressive stock company, organized in 1849 and doing business in Indiana, Illinois, Oklahoma, Missouri and Texas.

Wide-awake agents, seeking a good connection are invited to address the executive office at Indianapolis.

Chicago Branch Office  
A 1504 Insurance Exchange



*"The type of co-operation that makes it  
a pleasure to do business."*

This quotation, out of a letter received  
from a fire insurance company, expresses  
in a phrase one of the ideals of the  
Inter-Ocean.

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# REINSURANCE

Of Fire, Tornado and Automobile Lines

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## INTER-OCEAN REINSURANCE COMPANY

CEDAR RAPIDS, IOWA

## AS SEEN FROM CHICAGO

### COMMENTS ON FARM BUSINESS

Western Manager S. H. Quackenbush of the Westchester in writing to its agents on farm business states that the experience on the farm class as a whole has been unfavorable to all companies writing it. The present year, he says, gives indication of being even worse than in the past. In some cases, he said, the Westchester's experience has been disappointing because some agencies where a profitable business has been written for many years, now seem to go in reverse and the losses are excessive. He said that while he does not attribute the growing loss ratio as due to a material degree to increased moral hazard, yet insurance men must not overlook the fact that the financial difficulties affecting any class of people are sure to have consequences unfavorable to the business and will result in increased hazards through upkeep or repairs being neglected. Mr. Quackenbush urges a proper distribution of liability over all buildings and personal property. He calls attention to the rapid changes in farm values, saying that it has introduced a problem which is difficult for anyone to solve.

### WATCH RESORT RISKS

Companies are watching carefully summer resort hotels in the central western territory or, in fact, any enterprises that depend almost exclusively on summer trade. There have been some recent losses involving resort property. The owners are having a most difficult time, as so many people that have been accustomed to patronize these resorts in the past are staying at home because they have not the money to spend on vacations. Therefore, more or less moral hazard is created where properties are not able to meet the grade.

### EARL GIBBS A NEW MEMBER

Earl Gibbs, the new assistant western manager of the Boston and Old Colony of Lansing, Mich., has applied for membership in the Western Underwriters Association.

### CHICAGO FIRE PREMIUMS

Additional fire premiums written in Chicago during the fiscal tax year ended June 30 are presented below as shown in the affidavits filed with the city controller's office. James May, deputy in charge of collecting the 2 percent tax, reports some falling off in premiums as compared with the previous year, which in itself represented something like 20 percent decrease from the premium figure for the 12 months ended June 30, 1930. One company is in arrears two years and has failed to respond to all letters, its agents however stating the

company has promised to take care of the tax. Unless the company does, the controller's office must proceed to collect from the agents. Below is the tabulation:

Company	1932	1931	1930
Aetna	\$389,454	\$481,220	\$613,021
Alliance Assur.	15,750		
Alliance, N. Y.	129,165	127,394	165,466
Amer. Colony	5,262	11,293	15,237
Amer. Const.	12,042	21,083	26,334
Amer. Drug	54,203	61,596	62,758
Atlas Assur.	125,553	149,676	230,530
Berkshire M.	751	946	1,029
Birmingham	2,668	13,145	14,150
Boston	82,172	79,096	105,288
Carolina	7,127	11,921	15,437
Camden	59,156	80,586	100,065
Central Fire	40,785	31,424	9,809
City of N. Y.	31,270	33,609	51,204
Columbia, O.	16,031	6,781	11,810
Coml. Union	132,633	155,941	197,855
Concordia	17,018	23,179	28,830
Eagle S. & B. D.	65,910	65,247	72,400
*Empire State	32,567	26,225	32,368
East & West	13,326	12,995	23,690
Federal M.	235		
Federal, N. J.	29,052	17,010	27,117
Firemen's, N. J.	101,944	131,962	185,200
Franklin	60,429	80,718	78,147
Girard F. & M.	169,716	212,993	268,678
Glen Cove M.	4,950	5,732	7,536
Globe & Rutg.	163,351	241,902	275,978
Hamilton	17,095	26,476	31,834
Hdw. Deal. M.	15	515	1,780
Home, N. Y.	439,109	538,519	581,078
*Hudson	32,901	49,348	59,744
Imp. & Exp.	47,910	59,739	82,854
Lafayette	8,682	9,608	22,124
Lincoln	25,876	39,410	23,232
Marine	4,425	2,901	1,528
Mech. Pa.	14,393	20,647	66,169
Mich. F. & M.	19,750	5,744	70,433
Milwauk. Mech.	203,206	246,244	253,082
New Brunswick	57,401	62,686	78,597
New England	13,049	8,187	14,205
New Hamp.	74,245	79,572	97,674
Nat. Ben. Fr.	62,325	70,489	96,755
Natl. Petr. M.	813	2,221	2,102
Natl. Security	33,546	44,417	85,793
No. America	422,606	523,158	577,758
*Northern, N. Y.	86,236	115,890	143,357
Ohio Mill. M.	814	1,969	2,480
Old Colony	38,461	41,986	49,027
Pacific	65,048	92,797	92,013
Phila. F. & M.	111,102	141,564	190,619
*Phila. Natl.	22,021	25,086	33,361
Phoenix Assur.	123,823	143,178	189,614
Potomac	59,535	69,932	41,695
Public, N. J.	56,845	77,350	87,722
Sea	838	610	882
Security, Conn.	94,480	134,006	149,590
Southern, N. Y.	15,930	53,888	84,538
Springfield	287,044	320,595	387,021
*State of Pa.	10,921	*87,042	136,150
Stuyvesant	19,096	49,294	57,560
Superior	28,148	25,128	29,993
*Svea Fire & L.	30,756	45,680	58,675
Trinity	9,963	20,012	
*Twin City	3,339	3,497	11,868
World F. & M.	41,865	81,346	138,776

\*Incomplete returns.

### BONDED MOTORISTS SERVICE

The Bonded Motorists Service, with headquarters A-2146 Insurance Exchange, Chicago, is enlarging its operations covering Illinois. Its certificate of membership covers what might be called the frills given by the Chicago Motor Club and similar organizations in addition to the insurance. The Bonded Motorists Service is now allowing insurance agencies to sell its mem-

bership at \$7 a year. At first its managers, W. W. Heise & Co. of Chicago, sold memberships for \$5 and other agencies had to charge \$7. Now a flat service is given to all. Heise & Co. charge \$7 and contracts are being made with other agencies to sell the memberships at the same price.

Each certificate contains a guarantee of arrest bond for \$100 to be used in lieu of bail. This bond is guaranteed by a master bond issued in the amount of \$50,000 by the Sun Indemnity. The Bonded Motorists Service gives nationwide emergency road service, local towing, national towing, medical first aid treatment to passengers in members' automobiles, pedestrians, occupants of other automobiles and other persons who may sustain injury in an accident in which the member's car is involved, mechanical inspection and advice, touring information, investigation and adjustment of differences, not including personal injury cases between members and others arising out of operation of the automobile recorded, such defense as it can give legally to defend a member in suit for accidental damage to property of others, and will assist in collecting collision claims. In addition it will go as far as it can legally to protect the interests of a member at any inquest in Cook county, Ill., where a death occurs arising out of the operation of the automobile owned by the member or one of his family. It gives gasoline and oil service for a five mile limit. It gives nation-wide tire service.

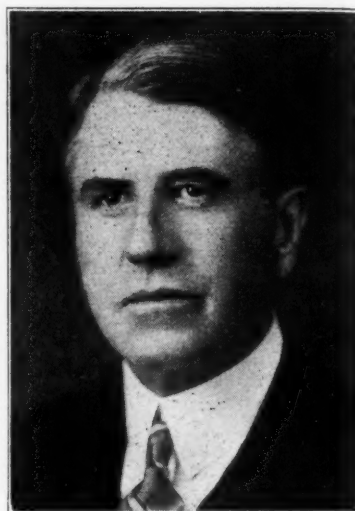
This contract is sold in addition to the insurance and therefore provides a member with needed automobile demands. Each additional bond for any membership is sold at 50 cents. For additional cars of one driver the charge is \$2 for each car, \$7 being charged for the first car. Where there is more than one driver, the first car will be covered with the \$7 membership charge. Charge for each additional car equal to the number of drivers will be \$4 per car and \$2 per car for each automobile in excess of the number of drivers. Cars over five years old will not be covered except in exceptional circumstances.

### GETTING ON CASH BASIS

Field men in the central west know that many more agents than usual are getting on a cash basis so far as their customers are concerned. Many local offices have had difficulty sifting out policyholders that could pay and those that could not. The difficulty seemed to be that a number of assureds were fairly good pay in the past and now are so financially jolted that it is difficult for them to meet their obligations.

Agents have been loath to give up customers who in the past have been regarded as excellent. However, more and more they are finding that it does not pay to carry dead timber. When agencies that have become delinquent are analyzed, field men say that most of

### State Official to Be on Blue Goose Program



CHARLES D. LIVINGSTON

Insurance Commissioner Livingston of Michigan, president of the National Convention of Insurance Commissioners, will give one of the main addresses at the banquet at the Hotel La Salle in Chicago the evening of Sept. 8, under the auspices of the grand nest of the Blue Goose which will hold its annual meeting there Sept. 7-8. John F. Stafford, western manager of the Sun, will be toastmaster. Ernest Palmer, manager of the Chicago Board, will be one of the speakers. Most Loyal Grand Gander W. F. C. Fellers of Jacksonville, Fla., and H. Churchill-Smith of Canada, grand supervisor of the flock, will speak.

them can trace their undoing to the extension of credit far beyond reasonable terms. It is not found that agents have used the money for their personal ends. They have been too lenient in extending credit.

### RESTRICTS ITS OPERATION

The Universal of Newark, having turned its fire insurance department over to the American of Newark, has closed its western field supervisory office and now has only a service office in Chicago for automobile and inland marine lines in charge of F. P. Jelliffe at 1668 Insurance Exchange.

Vice-President Henry A. Yates of the National Union Fire has been spending a number of days in Chicago and Minneapolis.

# HANOVER

**"For Your Careful Thought"**

Men are judged by their Associates.  
Likewise—Agents, these days, are judged by the Companies offered to their clients.  
The HANOVER & FULTON will prove satisfactory to your assured.

\$4,000,000 CAPITAL JAN. 1, 1932

\$7,816,196 POLICYHOLDERS' SURPLUS

\$18,824,484 ASSETS

LOSSES PAID SINCE ORGANIZATION \$75,358,933

**The HANOVER FIRE INSURANCE COMPANY of New York** Charles W. Higley, Pres.



## VIEWED FROM NEW YORK

By GEORGE A. WATSON

### EFFECT OF THE UPSWING

The continued upward trend of prices of bonds and of many stocks listed on the "big board" naturally has been highly pleasing to company officials. If the gain be sustained even in modest measure, statements at the close of the year will tell a vastly different tale from that recited at the end of 1931. That the market gain will continue in anything like the ratio exhibited since the upward swing started three weeks ago, is not anticipated, nor would such result be altogether healthy. The best business thought is that anything savoring of inflation is to be condemned. On the other hand, it is undeniably true that many securities are still selling at considerably less than their intrinsic worth and those purchased today for the "long haul" would prove highly profitable.

A favorite indoor pastime of executives in recent weeks has been figuring the increase in the assets of their offices because of the change in market quotations. Some of the great group combinations show appreciations well up into the millions. Speculation as to what valuation formula would be adopted by the state departments for annual statements should the appreciation in bond and security values continue is being indulged in. Sentiment apparently is that should the gain reach one-half the purchase price paid for the portfolio holdings by the companies, the departments will revert to charging market values as of Dec. 31.

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### LONDON ASSURANCE BOOKLET

The London Assurance and Manhattan F. & M. have gotten out another booklet in their educational series entitled "Fire Prevention and the Insurance Agent." The position is taken that active work in fire prevention is good advertising for an agent. The booklet says: "It will widen your acquaintance and open to you new avenues of revenue. But, above all, it will make yours a more attractive, safer, more economical community in which to live and you will be doing your share in a great humanitarian work. As a representative of the only large group of men—the American agency system—technically equipped to bring about the advancement of this great cause, the responsibility for the reduction of fire waste in your community, is squarely up to you."

\*\*\*

### SEEK COMPANIES OF QUALITY

Long established fire companies report a growing number of inquiries from agents in different sections seeking local representation, action impelled doubtless by a desire to link up with institutions of whose future they feel assured and whose underwriting policy is measurably constant. In times past inquiries of such character would have provoked instant suspicion in the managerial mind that the applicant was a questionable character, and field men would have been instructed to look him up thoroughly before making an appointment. But today underwriters appreciate the change in field sentiment and the primary cause for it, and not

infrequently manage to make desirable connections in consequence.

The purging process has been active during the past few years and the companies clear thinking agents desire to represent so there will be no "come back" from their assured, are those whose financial strength is beyond question and whose administration is in the hands of men of ripened experience and proven ability. This does not mean that in order to be trustworthy a company must necessarily possess age or huge resources, for among the substantial institutions are several of comparatively recent launching, and yet whose management is pursuing a policy that gives every promise of stability and the exercise of sound underwriting judgment. In insurance it is especially true that "a corporation is but the lengthened shadow of its official head."

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### PROPERTY LOSS FIGURES

Last year 230 representative cities suffered the destruction of \$50,414,049 worth of property by burning, against which there was insurance coverage of \$45,709,171, according to an analysis made by the Continental of fires losses reported by officials of the larger municipalities. The total ash heap of the United States in 1931 represented the incineration of some \$464,633,000 in buildings and commodities.

The figures for the group of 230 cities disclosed a ratio of insurance to losses of about 90 percent, indicating that many of the places visited by fire were either under-insured or not insured at all. Another factor was, of course, the decline in the values of materials and commodities.

The company found, also, that while in residential fires the money damage to the buildings is greater, as a rule, than the harm done to contents, the opposite is true when business structures are burned.

The total property losses and the insurance claims reported by twenty-five leading cities for 1931 were as follows:

City	Insurance Loss	Total Loss
Long Beach, Cal....	\$ 135,633	\$ 159,204
Oakland, Cal.....	679,713	806,651
Bridgeport, Conn....	149,036	154,772
Hartford .....	298,522	306,310
New Haven .....	374,718	403,137
Washington, D. C....	293,387	368,652
Jacksonville, Fla....	1,111,349	1,149,402
Chicago .....	7,674,711	9,502,023
Indianapolis .....	481,082	525,569
Des Moines .....	209,458	214,723
Kansas City, Kan....	73,552	105,530
Louisville .....	922,942	982,030
Baltimore .....	1,173,886	1,243,369
Cambridge, Mass....	432,671	471,955
Lowell .....	224,817	243,957
Springfield .....	452,358	480,867
Minneapolis .....	1,394,488	1,452,393
Jersey City .....	346,441	364,675
Newark .....	1,226,830	1,253,029
Syracuse, N. Y.....	517,706	526,032
Yonkers .....	271,698	296,908
Cleveland .....	2,234,823	2,381,102
Columbus, O.....	95,066	117,814
Philadelphia .....	3,675,046	4,141,500
Norfolk, Va.....	1,169,781	1,182,655

### Philadelphia Group Chairmen Selected

(CONTINUED FROM PAGE 3)

in writing which will be assigned to the insurance librarian located in the city nearest the delegate's home, providing the many reference books exhibited do not contain the answer.

Of particular interest will be an especially prepared library for the insurance agent. It will contain the most important reference and educational books dealing with special branches of insurance.

Ben A. Ruffin, vice-president of the Ortega, Robins & Race agency, Richmond, Va. has been made manager in that city for the Investors Syndicate. He will retain his connection with the agency.

## NEW HAMPSHIRE FIRE INSURANCE CO. MANCHESTER, N.H.



### SIXTY-SECOND ANNUAL STATEMENT

January 1, 1932

#### Assets

United States Bonds.....	\$ 3,240,750.00
State and Municipal Bonds and Stocks.....	11,947,166.38
Canadian Bonds, Government and Municipal.....	280,980.00
Foreign Bonds .....	111,750.00
Real Estate .....	362,750.00
Agents' Balances .....	810,628.25
Accounts Receivable .....	224,469.79
Cash in Banks.....	471,765.15
	<hr/>
	\$17,450,259.57

#### Liabilities

Capital Stock .....	\$ 3,000,000.00
Unearned Premium Reserve.....	4,974,184.57
Reserve for Losses.....	614,062.85
Reserve for Taxes and Other Liabilities.....	338,374.86
Reserve for Dividends Declared and Unpaid.....	150,487.94
Reserve for Market Fluctuations....	\$2,325,343.00
Surplus, Dec. 31, 1931, Values.....	6,047,806.35

Surplus, Convention Values..... 8,373,149.35

\$17,450,259.57

NOTE: Bonds and Stocks at Insurance Commissioners Convention valuation.

### AFFILIATED COMPANY

## Granite State Fire Insurance Company

Portsmouth, N. H.

## YOUR NAME

is kept before  
your prospects  
365 days a year  
at a cost of 1c a  
month by means  
of the National  
Underwriter In-  
surance Calendar.

• Send 10c for sam-  
ple to the National  
Underwriter, A-1946  
Insurance Exchange,  
Chicago.



## THE NATIONAL UNDERWRITER

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### Need for New Rating Basis

THE increase in workmen's compensation insurance rates has brought the entire system of rating for that line once more to the thought and attention of insurance men. Particularly are there criticisms of the payroll as the basis for the premium charge. It is pointed out that in a time of declining wage levels, the payroll tends to approach the amount of the maximum award which may be made for a workman's compensation accident. Consequently, the total premium is going down when there is no real change in the accident frequency per man and when every claim is likely to be stretched to the limit in length.

The wage level has surely decreased more than 15 per cent, say those who have been checking industrial wages. The decrease is near one-half. If a \$2 rate is assessed against the \$2,000 annual wages of a mechanic, the premium produced is \$40. If that same mechanic is now employed at \$1,000 a year, even though the rate is increased 15 percent, the premium is now \$23, instead of \$40, while the liability of the

company remains identically the same for the same kind of loss. When wages have fallen as much as they have during this depression, it is virtually impossible to obtain an increase in compensation rates which will make up for the loss in revenues due to the decreased payroll.

The companies have lost millions of dollars on workmen's compensation. Therefore, if it is possible by investigation to determine and set up a standard for rate making which would operate more equitably and with less fluctuation, the companies could well afford to make a special investigation for the purpose of setting up a better standard. A suggestion has been made that it might be possible to use the man-hour basis for rating purposes. It is recognized that many difficulties would be presented but certainly there would be advantages. The rate making basis would then have some relation to the safety tables of the NATIONAL SAFETY COUNCIL and the companies would be in position to tie up more closely in their safety work with the work of that organization.

### Running True to Form

THE fact that no insurance company can run counter to the fundamentals of the business and economic laws has been demonstrated in a number of ways during the last two or three years. For instance, a company felt that its best course was to pay excess commissions, grant lower rates or allow ultra liberal perquisites to agents. This of course has proved disastrous to those companies that defied experience and good sense. Undoubtedly chickens are coming home to

roost. After all, the insurance business will stand certain commission rates. Long experience will demonstrate just how low the class of business can be written. There are certain practices that must be followed if the best interests of all are to be conserved. Agents today should be more interested in the successful perpetuity of companies than anything else. In the long run those companies are permanent that hew pretty close to the line and follow the beaten path.

## PERSONAL SIDE OF BUSINESS

### Official Dead

F. B. Saunders of Chicago, general inspector in the western department of the London & Lancashire, died at his home last Friday night. He attended a Masonic lodge meeting the evening previous, went home, read awhile and retired. Mrs. Saunders was visiting a married daughter in St. Louis. Therefore, he was alone in the house. Another married daughter living in Chicago went to the house in the afternoon and noticed that the morning paper had not been taken in. She discovered her father dead in bed. He was formerly connected with the western department of the Royal and went to the London & Lancashire in 1902 as chief examiner. He was made assistant agency superintendent when John F. Stafford, now western manager of the Sun, was agency superintendent. He was 58 years of age. The funeral and interment were at Harvard, Ill., Monday.

W. B. Flickinger of Chicago, assistant western manager of the North America group, is suffering from a very painful automobile accident. Mr. Flickinger was going from his office to 222 West Adams street, Chicago, to see some insurance people when on crossing Jackson boulevard he was hit by a machine. He was knocked down and was seriously injured about his knee and hip. Since then he has been confined to his home at 502 North Grove avenue, Oak Park, Ill. Mr. Flickinger had a narrow escape from more serious consequences but is now recuperating in good shape.

Secretary J. V. Herd of the Fire Association group took his vacation by going to Los Angeles and witnessed the Olympic games. Mr. Herd was present during an entire week when the games were in progress. He was at the western department of the company in Chicago Monday on his way home.

C. H. Hardin Smith, Denver, state agent of the Commercial Union, is recovering from serious injuries suffered when his automobile overturned near Raton, N. M.

Louis W. Koster, Denver, engineer of the Mountain States Inspection Bureau, was married Saturday to Miss Margaret Casey of Denver.

C. A. Ludlum, former vice-president of the Home of New York, who served as president of the Western Underwriters Association, seldom fails to attend the meetings of the latter organization. He is now touring abroad and writing the Western Underwriters Association office from Zurich, orders a room reserved for him at Manchester, Vt., for the semi-annual meeting.

James Brundrit of Chicago, former head of the loss department in the western office of the Great American group, accompanied by Mrs. Brundrit and his sister, Mrs. Gertrude Higham, sail Friday for London. Mrs. Higham's home is there and the Brundrits will visit her and journey through various sections of England.

Mrs. Victoria Warner, wife of Superintendent Charles T. Warner of Ohio, is confined in a hospital in Columbus as a result of a fall. Several months ago she suffered a very serious attack of illness.

F. R. Bigelow, president of the St. Paul Fire & Marine, is spending his vacation in eastern Canada. From there he will probably go to the Pacific Coast before resuming his duties.

Sidney W. Fishman, operating the S. W. Fishman Agency, Cleveland, accidentally shot himself in his hotel suite and died almost instantly. Until recently Mr. Fishman was vice-president



D. W. CRANE

The friends of D. W. Crane, vice-president of the Ohio Farmers, were shocked to learn of his sudden death at Marion, O., Monday night. Mr. Crane last winter was in bad health. He had a nervous affliction and he was off the reservation for a while resting. Seemingly he gained his strength and returned to work. He was vice-president of the Western Insurance Bureau.

Mr. Crane died at the home of relatives at Marion, where he was visiting. Death was due to a heart attack. Mr. Crane had spent his entire business life in insurance. Starting in the home office of the old Michigan Commercial as a young man, he later was connected with the National Inspection Co. and with the Boston and Old Colony. In 1922 he became special agent for the Ohio Farmers in Ohio. He was made assistant secretary in 1923 and later in the same year, secretary at the home office. Continuing his duties as secretary, he was also made vice-president in 1931. He was secretary and vice-president of the Ohio Farmers Indemnity.

of E. H. Fishman, Inc., and was connected for a short time with the Terminal Insurance Agency.

E. G. Pieper of Providence, president of the Rhode Island group, who has been on a five weeks' trip to the Pacific Coast, stopped en route home in Chicago.

Thomas B. Hull, president of the Hull Insurance Agency, Fargo, N. D., has returned to his home after undergoing an operation for appendicitis. He was a patient in St. John's hospital, Fargo.

James Grover, special agent in western Massachusetts and Connecticut for the New York Underwriters, and one of the company's veteran field men, died suddenly Monday.

### Legislatures Now in Session

Special legislative sessions are in progress in Alabama and in Pennsylvania, the purpose of the gathering in the former state being to consider revenue measures. Whether an effort will be made to impose additional taxes on insurance companies remains to be seen. There has been no suggestion to that end as yet.

# Fireman's Fund INSURANCE COMPANY

San Francisco, California

## COMMISSION

BE IT KNOWN, that Thomas S. Chard, of Chicago in the county of Cook and State of Illinois, is appointed and by these presents is duly constituted General Manager of the Fireman's Fund Insurance Co. for the States of Ohio, Illinois, Indiana, Iowa, Michigan, Missouri, Nebraska, Kansas, Minnesota, Wisconsin, and such other States and Territories as may from time to time be given him in charge, with full power to appoint and commission in said States, sub-agents, and fix their compensation, adjust and pay losses, to receive moneys and to countersign, issue, renew, and consent to the transfer of Policies of Insurance, signed by the President or Secretary of the said Fireman's Fund Insurance Co. subject to the rules and regulations of said Company and to such instructions as may from time to time be given by its officers.

In Witness Whereof the said Fireman's Fund Insurance Co. has caused these presents to be signed by their President and attested by their Secretary, in the City of San Francisco, this First day of July 1932.



Attest

Chas. W. Bond.

Secretary



J. J. Staples  
Geo. D. Dornin Vice President

IN 1872 when Fireman's Fund established its Western Department in Chicago its greatest asset was the warm goodwill of a grateful community, confidence in the future, and determination to win success by deserving it.

The young company had just measured up to its first great test. It had paid dollar for dollar in the great Chicago fire in '71, although its total assets were only \$856,000 and its losses \$529,365—an inspiring example of honesty and courage.

Other great tests have been met and overcome. Other stricken communities have seen Fireman's Fund security and service stand invincible against great odds. For almost seventy eventful years Fireman's Fund has grown and prospered, supported by a loyal army of agents and brokers in every corner of the United States and Canada.

Fireman's Fund looks back on the past with satisfaction and gratitude, and toward the future with confidence and courage.

Fire • Automobile • Marine • Casualty • Fidelity • Surety

# FIREMAN'S FUND GROUP

Fireman's Fund Insurance Company  
Home Fire & Marine Insurance Company  
Occidental Insurance Company  
Fireman's Fund Indemnity Company  
Occidental Indemnity Company

New York • Chicago • SAN FRANCISCO • Boston • Atlanta



# FIRE INSURANCE NEWS BY STATES

## OHIO AND WEST VIRGINIA

### Takes Up Definite Subjects

**Ohio Association of Insurance Agents Attacks Problems Engrossing the Offices at Present**

There was nothing general and vague about the addresses and discussions at the Marietta convention of the Ohio Association of Insurance Agents. Each subject was developed with the single purpose of presenting suggestions which might be of aid now to agents in collection, protection and selection in their business. This definite attack upon specific problems was a contrast to convention programs which seem general and vague in their failure to focus attention upon difficulties. Difficulties tend to be obliterated in periods of prosperity but rise like mountain peaks in days like the present. The peaks become a whole mountain range which must either be climbed and crossed or the fight given up.

The Ohio association proposes definitely to fight. It gave its official endorsement to the automatic cancellation clause plan for aiding the collection of premiums. But as this change cannot be brought about for several years at the best, members are working locally in some communities to make a 30-day pay or cancel rule effective or are obtaining information on every plan which may aid to get in the money. That topic of getting in the money received major consideration at Marietta, as it is important in the work of the agents at this time.

The Ohio association retains its position as second in membership among the agency state organizations belonging to the national body. Both James L. Case, former president, and Charles L. Gandy, present chairman of the executive committee of the National association, paid tribute to the loyalty and activity of Ohio in promoting national projects for the benefit of the insurance business. Both declared that Ohio's example gave unusual prestige and position to any cause obtaining the association's approval.

### Should Protect Their Folds

**C. L. Krum Tells Agents They Should Throw Ample Safeguards About Their Own Business**

In an able presentation, C. L. Krum, Cleveland, speaking before the Ohio Association of Insurance Agents Convention in Marietta, outlined the reason why agents should be alert to protect their business against every outside invasion. He said that while the casualty business had increased from \$8,500,000 a year in 1890 to \$1,121,000,000 in 1931, an increase of 140 times, this increase had come about largely by reason of events outside the control of the insurance agents and not primarily as a result of salesmanship. Much of the increase, said Mr. Krum, came from workmen's compensation and automobile premiums. Many of these premiums, considering agents in the mass, were almost thrown into the lap of the insurance business. Can the insurance business expect, asked Mr. Krum, to have anything like this to happen in the future? In addition to this lack of an outside stimulant, agents are facing decreased commissions.

Competition of the mutuals is not overwhelming, by any means, asserted Mr. Krum. In 1930, property damage and collision premiums totaled \$179,000,-

000. Of this sum 10½ percent was written by the mutuals, 3.8 percent by the reciprocals and 86.7 percent by the stock companies. But where reciprocals are permitted to operate, the competition becomes more serious. Thus in Ohio the stock companies write 83 percent of the automobile liability premiums and the mutuals, 17 percent. In Michigan, where reciprocals operate in the automobile casualty field, the stock companies write 64 percent of the premiums, the mutuals 16 percent and the reciprocals 19 percent. In Illinois the figures are 69 percent for the stock, 14 percent for the mutuals and 15 percent for the reciprocals. Assuming that something like the same proportions might obtain in Ohio should reciprocals be admitted to do business in the state, Mr. Krum said that the Ohio agents would lose an amount not less than \$3,000,000 a year in premiums to those organizations.

#### Rank of Ohio Given

While it is true that Ohio agents have not sold nearly the same proportion of automobile owners insurance, as is true in other states, nevertheless, since reciprocals operate largely in conjunction with or directly under automobile clubs, and since the members of automobile clubs are likely to be the more stable and prosperous citizens of the community, the automobile insurance club reciprocals tend to get a large number of insured people out of the stock company's protection. While Ohio ranks fourth in the number of cars registered, it stands 18th in the list of states by number of cars insured. In New York State, liability and property damage insurance is carried on 43 percent of the cars registered. In California the similar figure is 35 percent while in Ohio the figure is 29 percent.

Mr. Krum pointed out that automobile clubs were losing members and that the pressure was becoming constantly stronger to use some special methods for holding and increasing the club membership. Therefore he warns the agents that the efforts now being made in Ohio to open up the way for reciprocals would undoubtedly be continued.

#### Should Join Automobile Clubs

Mr. Krum suggested that the agents should in all cases become members of their local automobile clubs and that

they should also function politically to prevent further encroachment on their business. He suggested that the executive committee of the state association appoint a strong committee with local representation to give special attention locally to the reciprocal problem. Secretary Tomlinson concluded the discussion on this subject by distinguishing between the reciprocals which he said do not have agents but representatives only and domestic casualty companies which under the attorney general's ruling need not license their agents.

### Problems Confront Agents

**Ohio Association Has Before It Many Difficulties in Maintaining Its Membership**

Ohio's local problems are going to give the Ohio Association of Insurance Agents plenty of opportunity during the coming year to display activity, both offensive and defensive. First and most important is the problem of maintaining the membership and morale of the organization itself. While revenues have fallen greatly, the membership has a little more than held its own and enters the difficult period ahead with the possibility of showing an unusually well united front. It is recognized, however, that only by the most strenuous efforts may the present membership position be maintained or improved.

Ideas for state interference and operation in the insurance business, which in ordinary times find no fertile soil for growth, find ideal soil now for sprouting and development. By the time the legislature convenes next January, it will take some unusually powerful machinery to cut off the plans to have the state engage in the insurance business in several different directions and to crush organized effort to take a portion of the insurance business out of the hands of insurance agents and put it in the hands of those who want to use insurance for a purpose other than to protect the public.

In addition to defensive measures required, there is urgent need in Ohio for an aggressive movement on the part of agents to take part in the offensive being conducted to improve the motor vehicle laws of Ohio. The association has given its backing by formal resolution to the life saving efforts. The association suggests that the governor appoint a committee from its membership to cooperate with other forces to curb losses from automobile accidents.

is undermanned, with insufficient hose and pumping capacity, and the water supply is somewhat inadequate, so that the probability of fires involving a considerable portion of the district is high. In the manufacturing and minor mercantile district the hazard is local.

The gross fire loss for the past five years was \$646,359 with the average loss per fire \$367, "a low amount," and the average annual loss per capita, \$3.57, "a moderately high amount."

G. H. Schindehette, head of the G. H. and M. A. Schindehette agency, Bay City, Mich., died there at the age of 74. He had conducted the agency for 15 years.

## News of States in the Northwest

### Plans for Minnesota Rally

**Annual Meeting of the State Association of Insurance Agents Will Be Held Friday**

Plans are being perfected by the Minnesota Association of Insurance Agents for its annual meeting at the Hotel Kahler, Rochester, next Friday. C. F. Liscomb of Duluth is president and will give his annual report. R. M. Thompson of Minneapolis, the executive secretary, will report on the activities during the year. F. S. Preston of Minneapolis, chairman of the executive committee, will make a report. H. H. Matteson of the Matteson agency of St. Paul will lead in the discussion on "Named Assured," "Building Values," "Improvements to Buildings," "Use and Occupancy." Sam T. Morrison of Iowa City, Ia., will give a talk on "Farm Insurance." J. M. Harrison of Marsh & McLennan of Minneapolis will lead the discussion on "Mutual Competition." Secretary W. H. Bennett of the National Association of Insurance Agents will be the main speaker at the banquet that evening. Other speakers will be Frank J. Ney of the Fred L. Gray Co., Minneapolis, on "Workmen's Compensation Commissions," and E. A. Storvick, Albert Lea, "Regional Organization."

### Says Assessment Is Not Legal

Insurance Commissioner Horswill of North Dakota has advised policyholders of the American Mutual of Indianapolis that an assessment of 100 percent levied by the company should be opposed where the assured has a non-assessable policy. He takes the position that this policy contains no provision for contingent liability and therefore contends that this assessment cannot be legally collected.

### Fish & Schulkamp Get Sentinel

Harding & Lininger of Chicago, western managers of the Sentinel Fire, announce that Fish & Schulkamp of Madison have been appointed general agents in Wisconsin. Its policies are guaranteed by the Springfield F. & M. This general agency firm conducts an old established general agency and is well known in the state.

### Plan Radio Fire Alarm

ST. PAUL, Aug. 24.—A radio fire alarm system to replace the present telegraphic system is being considered by city officials. Under this plan both police and fire alarm reports would be broadcast from a single station. Each fire station would be equipped with receiving apparatus and each district chief's automobile would also have a

## CENTRAL WESTERN STATES

### Report on Danville, Decatur

**National Board in Criticism of Fire Fighting Facilities of Two Illinois Cities**

The water supply works of Decatur, Ill., are declared by the National Board to be mainly adequate with unreliable features being corrected by improvements which are in progress; fair to good quantities are available in the principal mercantile districts. Weak distribution system makes the supply poor in many other sections. The fire department is undermanned and very weak in ladder service. The fire alarm system is very unreliable and little used.

In the principal mercantile districts, weak construction with many large or excessive areas, combined with somewhat inadequate fire fighting facilities, make serious group and block fires probable. Streets of fair width, two

open spaces forming fire breaks and mainly low heights, should assist in preventing fires from involving more than one block.

#### Gross Fire Loss

The gross fire loss for the past five years was \$563,693, with an average loss per fire of \$360, "a low amount," and the average annual loss per capita, \$2.07, "a low amount."

In Danville, Ill., the water supply works are declared to be adequate but slightly unreliable; quantities for fire protection are insufficient in many sections because of weak distribution system. The fire department is poorly equipped and undermanned. The fire alarm system is inadequate and unreliable.

In the principal mercantile district, construction weak in fire resistive features make severe individual to group fires probable. The two principal streets are of fair width and height of buildings is low. However, the fire department



# LOYALTY GROUP

JANUARY 1, 1932 STATEMENTS

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## FIREMEN'S INSURANCE COMPANY OF NEWARK, NEW JERSEY

CAPITAL  
**\$18,795,380.00**

ORGANIZED 1855

SURPLUS TO  
 POLICYHOLDERS  
**\$32,306,202.99**

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## THE GIRARD FIRE AND MARINE INSURANCE COMPANY

**\$ 1,000,000.00**

ORGANIZED 1853

**\$ 2,034,545.17**

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## THE MECHANICS INSURANCE COMPANY OF PHILADELPHIA

**\$ 600,000.00**

ORGANIZED 1854

**\$ 1,226,248.02**

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## NATIONAL-BEN FRANKLIN FIRE INSURANCE CO. OF PITTSBURGH, PA.

**\$ 1,000,000.00**

ORGANIZED 1866

**\$ 1,563,520.84**

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## SUPERIOR FIRE INSURANCE COMPANY

**\$ 1,000,000.00**

ORGANIZED 1871

**\$ 1,603,338.23**

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## THE CONCORDIA FIRE INSURANCE COMPANY OF MILWAUKEE

**\$ 1,000,000.00**

ORGANIZED 1870

**\$ 1,751,660.54**

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## THE CAPITAL FIRE INSURANCE COMPANY

**\$ 300,000.00**

ORGANIZED 1886

**\$ 511,958.09**

CHARLES L. JACKMAN, President NEAL BASSETT, Vice-President

## UNDERWRITERS FIRE INSURANCE CO. OF CONCORD, N. H.

**\$ 100,000.00**

ORGANIZED 1905

**\$ 137,264.60**

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## MILWAUKEE MECHANICS' INSURANCE COMPANY

**\$ 2,000,000.00**

ORGANIZED 1852

**\$ 4,967,756.04**

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## THE METROPOLITAN CASUALTY INSURANCE COMPANY OF NEW YORK

**\$ 1,000,000.00**

ORGANIZED 1874

**\$ 2,009,866.67**

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## COMMERCIAL CASUALTY INSURANCE COMPANY

**\$ 1,000,000.00**

ORGANIZED 1909

**\$ 1,814,648.30**

**WESTERN DEPARTMENT**  
 844 Rush Street, Chicago, Illinois  
 HERBERT A. CLARK, Vice President  
 H. R. M. SMITH, Vice President  
 JAMES SMITH, Secretary

**CANADIAN DEPARTMENT**  
 461-467 Bay St., Toronto, Canada  
 MASSIE & RENWICK, Ltd., Managers

**EASTERN DEPARTMENT**  
 10 Park Place  
 NEWARK, NEW JERSEY

**PACIFIC DEPARTMENT**  
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 A. C. MEEKER, Secretary

LOYAL TO PRINCIPLE -- TO LOYAL AGENTS, LOYAL

receiving set so that he would be in constant touch with the central office.

Officials believe such a plan would save the city money and at the same time be more efficient than the present fire alarm system.

### Opens New Adjustment Office

J. A. Reynolds has opened an office in Aberdeen, S. D., and will handle adjustments and inspections for the companies in the north half of South Dakota and the south half of North Dakota. Mr. Reynolds has had much experience

in this line of work and until recently was connected with the National Fire.

### Wisconsin Notes

H. L. Jolly, who conducted a local agency at Darlington, Wis., for 35 years, died there at the age of 73.

B. N. Ehr of Appleton, Wis., manager of the Western Adjustment, is bereaved owing to the death of his mother, Mrs. M. Ehr, at Milwaukee.

The Delhi Realty Co., Superior, Wis., is opening an insurance agency. The corporation's name was recently changed from the Northwestern Supply Co., with W. C. Mose of Minneapolis as president and J. L. Moss, Superior, secretary-treasurer.

## IN THE MISSOURI VALLEY

### Ex-Presidents Will Attend

#### Iowa Association of Insurance Agents Plans to Welcome Its Former Chief Executives

Of the ex-presidents of the Iowa Association of Insurance Agents, 16 have advised the present chief executive, Chester E. Ford of Des Moines, that they will attend the annual meeting at Des Moines, Sept. 9-10. The following are the ex-presidents:

B. F. Kaufman, Des Moines, 1906-7; W. F. Grandy, Sioux City, 1908; H. W. Binder, Council Bluffs, 1909; Lew W. Anderson, Cedar Rapids, 1910; Wm. Weir, Davenport, 1911; L. W. Anderson, Cedar Rapids, 1912; J. P. Montrose, Des Moines, 1913; H. P. Guiney, Sioux City, 1914; F. H. Binder, Council Bluffs, 1915; F. W. Coates, Dubuque, 1916; B. B. Hobbs, Keokuk, 1917; Eugene Walsh, Davenport, 1918; L. H. Stubbs, Cedar Rapids, 1919; P. J. Clancy, Des Moines, 1920; Milo Whipple, Cedar Rapids, 1921; John Hynes, Davenport, 1922; Guy Andrews, Sioux City, 1923; Robert Evans, Des Moines, 1924; Lew Benedict, Cedar Rapids, 1925; J. R. Vaughan, Waterloo, 1926-7; J. J. Shepard, Cedar Rapids, 1928; Sam T. Morrison, Iowa City, 1929; Fred W. Colvin, Sioux City, 1930.

#### Rivalry for Attendance Cup

There is considerable rivalry for the attendance cup, which was put up last year by the Sioux City Fire Underwriters Association. A local board must have at least six members. The percentage is based on the proportion of its total membership in the state association present at the meeting. Council Bluffs won in 1931 and is after it again this year. A. P. Speers, president of

the Centerville Board, thinks that every member will be present. Cedar Rapids, Waterloo and Shenandoah are other contestants. Some of the new associations like Ottumwa, Oskaloosa and Mason City will likely be heard from.

In a letter sent out by President Ford to all company representatives, he stressed the point that there is a mistaken idea prevalent that field men are not welcome at association meetings. He emphasized that local agents and field men are in the same business and should cooperate to the fullest extent, and for that reason Iowa field men are especially invited to attend the annual meeting of the Iowa association.

### Missouri Notes

The August A. Wachter Agency, St. Louis, has been incorporated by E. T. Gast, O. C. Rucker and Clara C. Rowland, 10 shares.

The body of A. W. Nelson, former member of the Redd & Nelson agency, Booneville, Mo., who was drowned at the Lake of the Ozarks several weeks ago, was found last week. Mr. Nelson was the Democratic nominee for governor in 1924. The agency now is the Redd & Lester agency.

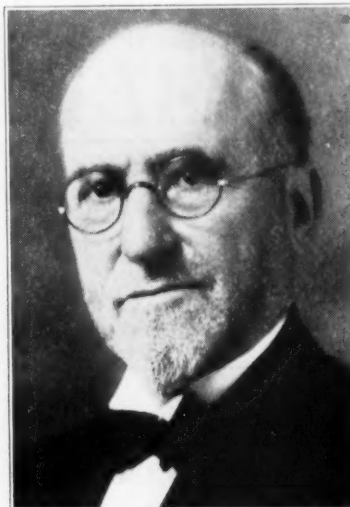
### Iowa Notes

Ludwig Rubek, secretary-treasurer of L. H. Stubbs & Co., Cedar Rapids, Ia., has been awarded a silver medal by the Home of New York in recognition of 25 years continuous representation.

The Belmont Insurance Agency, Belmont, Ia., formerly conducted by J. C. Erlander and A. C. Hanson, has been taken over by Mr. Hanson and will in the future be known as the A. C. Hanson Insurance Agency.

The firm of Harshbarger & Cowan, Onawa, Ia., has been dissolved. H. W. Cowan retiring. The business will in the future be conducted by C. C. Harshbarger and W. J. Benson under the name of Harshbarger & Benson.

## Will Give Report



R. M. THOMPSON, Minneapolis

R. M. Thompson of Minneapolis, executive secretary of the Minnesota Association of Insurance Agents, is a well known figure at the conventions of the National Association. He is very active in the work of his organization. He will review the year's activities at the annual state meeting at Rochester, Friday.

## News of States in the Southwest

### Report Made on San Antonio

#### National Board Engineers Tell About the Fire Fighting Facilities of the Texas City

The National Board engineers reporting on San Antonio say that the fire loss for the last five years was \$1,205,676, the average loss per fire being \$479 and the average loss per capita \$1.10. The water supply works were found adequate and reliable. There is adequate protection except in some outlying districts. The fire department is generally well equipped and efficient. The fire alarm system is seriously inadequate

with many unreliable features. The engineers say that in the congested value district construction of the older buildings is ordinary brick, stone and adobe, with many unprotected floor and faulty wall openings. Heights are low but with several excessive areas and with little protection against severe exposures. Fireproof construction is of substantial amount and is grouped in several locations, but protection to exposed openings is only moderate in amount. The streets are generally narrow. High winds are moderately frequent and the potential hazard is high in portions of the district but the fire fighting facilities are adequate and the resultant probability hazard is low. In the manufacturing and minor mercantile districts, severe local fires are probable in many places but no general conflagration should occur.

### Form Breckenridge Exchange

At a meeting of local agents of Breckenridge, Tex., Aug. 20, the Breckenridge Insurance Exchange was organized. D. G. Foreman, Fort Worth, secretary of the Texas Association of Insurance Agents, attended and assisted in the organization. Officers elected were: President, A. E. Sweeney; vice-president, A. H. Miller; secretary-treasurer, E. E. Conlee.

### W. S. Eberle Buys General Agency

W. S. Eberle, Jr., it was announced had purchased the Upsher & Upsher general agency at Oklahoma City. He has purchased the general agency of Harry C. Upsher & Co. Upsher & Upsher continue as general agents of the Union Indemnity, but insofar as their fire business is concerned, the office will be hereafter a local agency.

### Oklahomans to Philadelphia

OKLAHOMA CITY, Aug. 24.—Among the Oklahomans who will attend the convention of the National Association of Insurance Agents in Philadelphia are President Ancel Earp of the Oklahoma Association of Insurers, President E. W. Clarke of the Associated Fire & Casualty Underwriters of Oklahoma City, M. M. Keys secretary, of both associations, and Jack Adams, past president of the local association.

### Names Regional Vice-presidents

President A. D. Langham of the Texas Association of Insurance Agents has appointed these regional vice-presidents to serve until the next annual convention: District 1, J. M. Williams, Wichita Falls; 2, A. O. Wise, Green-

## TO ALL AGENTS:-

*The Fire Association - Victory - Reliance Group of Companies* extends a cordial invitation to visit them during the 37th Annual Convention of the National Association of Insurance Agents, to be held in Philadelphia September 20th to September 23rd.

HOME OFFICE  
Fourth and Walnut Streets  
Telephone Lombard 3727

O. E. Lane  
President





ville; 3, R. C. Greeves, Beaumont; 4, Guy West, Hillsboro; 5, E. M. Dodd, Brownsville; 6, Charles Eckford, El Paso; 7, R. V. Cartwright, Amarillo; 8, Mitchell Ragland, Paris; 9, Russell Trimble, San Angelo; 10, J. D. Seiders, Taylor; 11, E. E. Freyschlag, Eastland; 12, D. A. Clark, Sweetwater.

At the regional meetings to be held this fall new regional vice-presidents will be named to take office at the next convention.

#### Dallas 100% Affiliated

DALLAS, Aug. 24.—At the August meeting of the Dallas Insurance Agents Association, arrangements were completed to make its members 100 percent members of the National and Texas Associations of Insurance Agents.

At this meeting 41 new members were added to the Texas association and automatically became also members of the National association. With this addition, the Texas association shows a substantial increase in membership over last year.

D. G. Foreman, Fort Worth, secretary of the Texas association, attended the Dallas meeting.

#### Draft New Qualification Bill

OKLAHOMA CITY, Aug. 24.—A special committee has been named by Ansel Earp, president of the Oklahoma Association of Insurers, to draft an agents' qualification law to be presented to the next legislature. The committee consists of R. M. Eacock, Jack Upsher and E. R. Ledbetter.

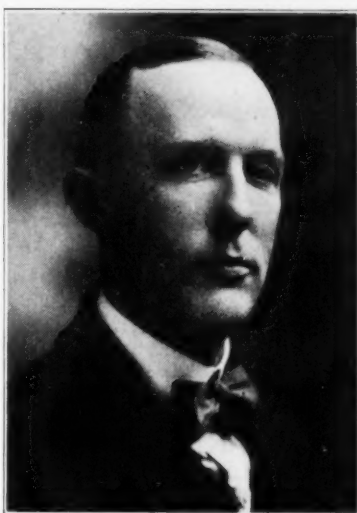
Mott Keys, secretary of the Oklahoma association, and William Murdoch, formerly secretary of the state insurance board, who have visited a number of county organizations recently, report intense interest among the agents in proposed legislation, and especially in the qualification bill.

#### Distribute Cancellation Data

SAN ANTONIO, TEX., Aug. 24.—At a meeting of the San Antonio Insurance Exchange, Secretary F. F. Ludolph was directed to proceed with the plan for furnishing all agencies with information concerning cancellations and credit experience which is given him by the agencies in writing.

A letter from R. S. Mauk, fire insurance commissioner, states that the department will establish headquarters in

### To Give Farm Talk



SAM T. MORRISON  
Iowa City, Ia.

Sam T. Morrison of Iowa City, Ia., former president of the Iowa Association of Insurance Agents, who has been in the insurance limelight recently because of his discussions on farm insurance, is one of the chief speakers this week before the annual meeting of the Minnesota Association of Insurance Agents at Rochester. He will give a talk on some of the phases of farm insurance.

San Antonio for one of its rate men, "who will make it his business to see that all revision certificates on property located in San Antonio are correct."

#### Texas Notes

The Dallas Association of Insurance Agents has selected Miss Kathryn Mathews of the Charles L. Dexter office as Miss Dallas Insurance.

A. C. Dietze, Karnes City, Tex., who died recently, had conducted an agency there for 25 years. He sold his agency just a month before his death, which was the result of a stroke suffered nine years ago. His daughter, Miss Janie Dietze, had been in active charge since that time.

## IN THE SOUTHERN STATES

### Hard to Get Farm Insurance

Commissioner Boney of North Carolina Deplores the Passing of the County Mutuals

Rates on farm property, in which classification is included residences and business property in villages and towns having no fire protection as well as strictly farm property, have been increased from 25 to 30 percent during the last year or two in North Carolina, according to Commissioner Boney. He finds that five or six county farm mutuals have gone out of business during the last year. Commissioner Boney expressed regret that these mutuals had to retire as he declares that very few of the large stock companies will write farm and unprotected property owing to the serious loss experience.

#### Depend on Mutuals

Commissioner Boney states that when fires start in unprotected areas where there is no organized fire fighting equipment very little property can be saved. The result is often a total loss. Commissioner Boney says that the local farm mutuals are about the only source of protection that the farmer can get these days.

### Two Memphis Agencies Join

Buchignani & Hunt Combine Their Forces with D. A. Fisher, Making a Stronger Local Agency

Buchignani & Hunt, well known Memphis agency, has combined with D. A. Fisher, one of the oldest local offices in the city. Allan Fisher remains as president. D. Y. Hunt and Will Johnston are vice-presidents; J. Buchignani, treasurer, and Miss Bessie H. Gardner, secretary. Clyde Richert and Marshall Yandell are associated with the management. All the work of Buchignani & Hunt will now be conducted from the Fisher office. Mr. Johnston has been connected with the firm for more than 20 years. Mr. Hunt has had a wide experience in real estate and organization work and he will take charge of the real estate department. Mr. Buchignani has had more than 20 years experience in finance. He will be in charge of mortgage loans. Mr. Fisher said that the consolidated office will actively enter the real estate and mortgage loan business and expand its insurance activities. D. A. Fisher, Inc., represents the American, Continental, Fireman's Fund marine department, Hartford Accident, Hartford Steam Boiler, North America, Massa-

## BUILDING FOR SECURITY

**M**INDFUL always of the first principle of insurance—to provide protection of unquestionable reliability—AMICO management has engaged, through good times and bad, in an unceasing endeavor to strengthen and secure the financial position of the company. The policy followed within the past year is reflected in the following comparative exhibit showing the proportionate distribution of the company's invested assets for the years ended June 30, 1931, and June 30, 1932, respectively. It is significant that the market value of the AMICO portfolio increased during the first half of 1932.

Classification	June 30, 1931	June 30, 1932
U. S. Government bonds.....	10.4%	21.5%
State, county and municipal bonds.....	49.5%	39.6%
Railroad bonds.....	3.7%	3.8%
Public utility bonds.....	11.4%	10.1%
Stocks.....	2.1%	2.0%
First mortgage loans on real estate.....	12.9%	13.3%
Cash in banks.....	10.0%	9.7%
	100.0%	100.0%

Total cash assets of the American Motorists Insurance Company exceed \$3,500,000, with surplus to policyholders of \$950,000.

## AMERICAN MOTORISTS INSURANCE COMPANY

James S. Kemper, President

MUTUAL INSURANCE BUILDING, CHICAGO, U. S. A.

Represented by Leading Agents Throughout the Country

1805

1932

## Caledonian Insurance Company

The Oldest Scottish Insurance Office

### Caledonian-American Insurance Company of New York

ROBERT R. CLARK,  
U. S. Manager and President

### THE NETHERLANDS INSURANCE COMPANY OF THE HAGUE, HOLLAND

Est. 1845

ROBERT R. CLARK, U. S. Manager  
EXECUTIVE OFFICES: HARTFORD, CONN.



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of the  
**GENERAL  
AGENCY  
PLAN**



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**LOCAL  
AGENTS**

Non-competing  
Personal contact  
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understanding  
Rapid service  
Immediate decisions  
Prompt adjustments  
"Close-by"  
Aggressive helps  
"Home Office"  
Service



TO  
**COMPANIES**

Develops territory at  
low cost  
Relieves Home Office  
of details  
Responsible for  
collections  
Selects profitable  
class of business  
Maintains staff of  
engineers and  
special agents

**ALABAMA**

**HURT & QUIN, INC.**  
Atlanta, Ga.

**ARKANSAS**

**COATES & RAINES, INC.**  
Little Rock, Ark.

**L. B. LEIGH & CO.**  
Little Rock, Ark.

**TREZEVANT & COCHRAN**  
Dallas, Tex.

**FLORIDA**

**HURT & QUIN, INC.**  
Atlanta, Ga.

**GEORGIA**

**HURT & QUIN, INC.**  
Atlanta, Ga.

**ILLINOIS**

**M. L. LINTON & COMPANY**  
St. Louis, Mo.

**INDIANA**

**G. L. RAMEY AGENCY, INC.**  
Indianapolis, Ind.

**KANSAS**

**KANSAS UNDERWRITERS**  
Wichita, Kans.

**MILLER-STUDEBAKER AGENCY**  
Topeka, Kans.

**KENTUCKY**

**BRADSHAW & WEIL,  
GEN. AGCY. INC.**  
Louisville, Ky.

**SNYDER BROS. GEN. AGCY.**  
Louisville, Ky.

**LOUISIANA**

**HENRY A. STECKLER, INC.**  
New Orleans, La.

**TREZEVANT & COCHRAN**  
Dallas, Tex.

**MICHIGAN**

**A. J. HOLSTEIN GEN. AGCY.**  
Detroit, Mich.

**MINNESOTA**

**ENCK & LINNELL, INC.**  
Minneapolis, Minn.

**R. M. NEELY CO.**  
St. Paul, Minn.

**MISSISSIPPI**

**HENRY A. STECKLER, INC.**  
New Orleans, La.

**MISSOURI**

**KANSAS UNDERWRITERS**  
Wichita, Kans.

**M. L. LINTON & COMPANY**  
St. Louis, Mo.

**NEW MEXICO**

**TREZEVANT & COCHRAN**  
Dallas, Tex.

**NORTH DAKOTA**

**WESTERN SURETY AGCY., Inc.**  
Sioux Falls, S. D.

**OHIO**

**G. L. RAMEY AGENCY, INC.**  
Dayton, Ohio

**OKLAHOMA**

**AMERICAN AGENCY CO.**  
Tulsa, Okla.

**KANSAS UNDERWRITERS**  
Wichita, Kans.

**TREZEVANT & COCHRAN**  
Dallas, Tex.

**OREGON**

**PHIL GROSSMAYER CO.**  
Portland, Ore.

**SOUTH CAROLINA**

**HURT & QUIN, INC.**  
Atlanta, Ga.

**SOUTH DAKOTA**

**JOHN M. COGLEY, INC.**  
Sioux Falls, S. D.

**WESTERN SURETY AGCY., Inc.**  
Sioux Falls, S. D.

**TEXAS**

**CRAVENS, DARGAN & CO.**  
Houston, Tex.

**TREZEVANT & COCHRAN**  
Dallas, Tex.

**WISCONSIN**

**C. P. HELLIWELL**  
Milwaukee, Wis.

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General Outdoor Adv. Co.

# REMEMBER

a General Agent is  
always nearby ready  
to help YOU

This cooperative goodwill campaign which explains the advantages of the General Agency plan is fostered by the General Agents whose names are listed. Each of these is a member of the American Association of Insurance General Agents. Their duties are purely supervisory.

General Agents are in a position to help Local Agents obtain more business

THESE GENERAL AGENTS DO NOT COMPETE WITH LOCAL AGENTS

Photo courtesy General Outdoor Adv. Co.



chusetts F. & M., Mechanics & Traders, World F. & M., St. Paul F. & M., St. Paul-Mercury Indemnity and the Sun (marine).

### Unearned Premium Refund Claim Is Not Preferred

The claim of an insurance agency for unearned premiums refunded on policies canceled at the direction of an insurance company, which subsequently goes into receivership, is not a preferred claim. This was the decision of the Kentucky court of appeals in *Sowards Insurance Agency vs. Ohio Valley Fire & Marine* and receiver. Receiver was appointed for the Ohio Valley Fire & Marine in 1932. Its home office was in Paducah, Ky.

The decision reversed the verdict rendered by the Franklin circuit court. The Ohio Valley F. & M. directed the agency, which took over the business of the Sowards agency, to cancel any policies outstanding in the territory which had been written for the Ohio Valley by the Sowards agency. The insurer agreed to reimburse the new agency for unearned premiums paid by them to policyholders on the canceled policies.

The court improperly offset the debt of the Sowards agency against the claim of the new agency for unearned premiums refunded in canceling the company's policies, the appellate court held.

The Sowards agency had become liable to its companies for premium balances amounting to between \$70,000 and \$80,000.

### Fidelity-Phenix Sustained in Denial of Liability

Evidence that extravagant valuations were placed on the insured property, that much of the insured furniture had been removed from the premises before the fire, that the general reputation of the insured was bad has been found by the Kentucky court of appeals to constitute grounds for denial of liability. The case was *Campbell vs. Fidelity-Phenix*. Mrs. H. L. Campbell had a \$1,500 policy covering contents with the Fidelity-Phenix and one for \$1,200 with another company on the building. The jury returned a verdict in favor of Mrs. Campbell against the insurer on the building and against Mrs. Campbell and in favor of the Fidelity-Phenix on the contents. The appeal is in the latter case. Mrs. Campbell had been found not guilty on the criminal charge of burning the property.

Included in Mrs. Campbell's total valuation of personal property was \$60 damage to a second-hand cook stove for which she had paid \$22.50; 10-year old victrola phonograph and records at \$225; large photograph of her parents \$200; linens \$500.

One night, about a month before the

fire, a loaded truck with contents covered by a canvas, left the house and within a week a trunk was hauled away. It was evident that one room in the house had been practically vacant and others contained very little furniture. A deputy fire marshal found many articles stored in the home of Mrs. Campbell's mother to correspond with articles listed among those lost in the fire.

### Bank Agency Transferred

LOUISVILLE, Aug. 24.—Receivers for the defunct Bankers Trust Co., Louisville, closed since November, 1930, have disposed of its non-board agency. The expirations were taken over by the First Kentucky Fire & Marine, subsidiary of the First National Bank.

Elmer Secrest, formerly manager of the insurance department of the Bankers Trust Co., has entered the local agency business for himself. He started with the old McHenry agency, and was later office manager for Pirtle, Weaver & Menefee, prior to going with Bankers Trust.

### Snyder Brothers Changes

LOUISVILLE, Aug. 24.—The Snyder Brothers General Agency has taken the general agency for the American Central in Kentucky and Tennessee, giving up the Lincoln Fire and reinsuring all outstanding liability of the Lincoln in the two states in the American Central. The agency also has taken on the British General to replace the Southern Home, and has likewise reinsured all outstanding liability of the Southern Home in the two states with that company.

Snyder Brothers now have five fire companies, the American Central, British General, Northwestern Fire & Marine, Twin City Fire and American National Fire of Columbus; three casualty companies, the Sun Indemnity, London & Lancashire Indemnity and U. S. Guarantee, and one life company, the Columbus Mutual Life.

### Tennessee Agents' Meeting

The annual meeting of the Tennessee Association of Insurance Agents is to be held at Nashville Nov. 10-11. It is hoped that one of the speakers will be Western Manager S. M. Buck of the Fireman's Fund.

### Nashville Decrease Continues

NASHVILLE, Aug. 24.—Nashville's fire loss in 1931 was \$711,754, showing a decrease for the third consecutive year. The per capita loss for 1928 was \$9.43; for 1929, \$8.59; for 1930, \$5.89, and for 1931, \$4.37.

### Discuss New Kentucky Rules

LOUISVILLE, Aug. 24.—Kentucky agents have been making many inquiries regarding the new bureau rule under which insurance on vacant property is materially changed, including business, residence and farm property, while in-

surance carried on farm properties is reduced one-third during vacancy, and one-fourth on other classes, under specified conditions. These new rules are similar to those adopted in Ohio and elsewhere, but are considered somewhat ambiguous. The Louisville Board has held some special meetings to discuss the subject, and has a special committee investigating it.

### Virginia Executive Committee

E. W. Barger of Waynesboro, chairman of the executive committee of the Virginia Association of Insurance Agents, has appointed Hunter Bell of Norfolk and Rives Hodnett of Martinsville as other members of the committee for the current year; and the appointments have been approved by President W. Owen Wilson.

### Favor Mandatory Collection Rules

The insurance exchanges of Lafayette and Opelousas, La., are in favor of adopting mandatory premium collection rules, according to Capt. E. L. Kidd,

president; James E. Hassinger, chairman of the executive committee, and John D. Saint, manager of the Louisiana Insurance Society, who addressed the exchanges at a meeting recently.

### Radium Needles Recovered

BIRMINGHAM, ALA., Aug. 24.—W. W. Graves, special agent at Montgomery of the Pennsylvania Fire, by obtaining the services of a college professor with his high powered electro-scope, succeeded in recovering two radium needles valued at \$1,750 lost by the Florence (Ala.) Medical & Surgical Clinic. The needles were located in a garbage dump after a three-day search.

E. D. Turner, Jr., well known local agent of Richmond, Va., is recuperating from an operation for appendicitis and expects to be back at his office soon.

Mrs. Julia R. Huber of Louisville died Saturday at Lebanon, Ky., where she was visiting her son, J. M. Huber, of the Mackin & Huber agency. Miss Blanche Huber of the Louisville Board is a daughter.

## ON THE PACIFIC COAST

### Pledge Is Asked from Board

#### San Francisco Brokers Exchange Wants Company Men to Reciprocate for Its Action

SAN FRANCISCO, Aug. 24.—Ways and means of bringing the Insurance Brokers Exchange of San Francisco and the Pacific Board into closer working harmony were discussed at a meeting here between the joint conference committees of the two organizations.

Among the matters under discussion was a suggested pledge on the part of Pacific Board members similar to that adopted last January by exchange members, whereby it was agreed that no member signing the pledge would violate any of the rules of the Pacific Board. Officers of the exchange feel that the Pacific Board members should be willing to reciprocate with a similar pledge whereby they would agree not to violate any of the rules laid down by the exchange particularly where these rules have a bearing upon matters in which the exchange functions as a clearing house for the Pacific Board in the metropolitan area.

Representing the exchange at the meeting, in addition to C. H. Turner, president, were M. F. O'Brien, W. F. Hougaard and William Nankervis, secretary. N. E. McFadden of California Lands, Inc., represented the realtors' insurance section of the exchange. The Pacific Board was represented by Joy Lichtenstein, Hartford, who acted as chairman; Clifford Conly, Great American and Phoenix; T. H. Anderson, Liverpool & London & Globe; F. M.

Avery, Fire Association, and W. A. Newman, assistant secretary of the board.

While no definite action was taken, it is felt that constructive results looking toward upholding of the ethics of the business in this territory will result.

### Regional Meeting Is to Be Held Aug. 26-27 at Eureka

A first district regional meeting of the California Association of Insurance Agents is to be held in Eureka Aug. 26-27, with members of the Humboldt County association as hosts at a "crab banquet" the evening of Aug. 26. Samuel Beer of Arcata, president of the Humboldt association, has made elaborate plans for entertainment. John R. Mount of Napa is regional chairman.

To stimulate interest in the annual meeting of the California association, which is to be held in Santa Rosa in November, H. B. Scudder of Sebastopol plans to take a large group of members from Sonoma county and Santa Rosa to the meeting. Speakers will include P. S. W. Ramsden, president California association; Frank Colridge, executive secretary; H. J. Thielen, national councillor, and Frank J. Agnew, assistant secretary of the Fireman's Fund group.

The California association expects to be well represented at the convention of the National Association of Insurance Agents in Philadelphia. Among those who have already signified their intention of attending are Mr. Ramsden, Mr. Thielen, Eugene Battles, Los Angeles; Percy H. Goodwin, San Diego; W. H. Menn, president Los Angeles Exchange,

Purely an Agency Company

# SUSSEX FIRE

## INSURANCE



## COMPANY

50 Park Place

Cash Capital \$1,000,000.00

and R. L. Miller, secretary Oakland association.

### Mutual Official Held

SALEM, ORE., Aug. 24.—Fred M. Gearin, 50, secretary of the Farmers' Fire Relief Association and the Hopmen's Fire Relief Association, both with headquarters at Butteville, was arrested at his home charged with embezzlement of approximately \$17,000.

Approximately \$12,000 of the amount was said to have been embezzled from the funds of the Farmers' Fire Relief, while the remaining \$5,000 was alleged to have been diverted from the assets of the Hopmen's Fire Relief.

Commissioner Averill said Gearin first confessed to embezzling \$12,000, then \$14,000, and later made a statement that he had taken \$17,000.

### Oregon Cancellation Ruling

SALEM, ORE., Aug. 24.—Commissioner Averill of Oregon holds that when an assured is sent a notice of cancellation at the company's election, a check for the return premium must accompany the notice. He says the standard form of cancellation notice, stating that the pro rata premium will be paid upon demand, does not meet the requirements of the Oregon code, which specifies that the pro rata return premium must accompany the cancellation notice.

### Owen Buys Oregon Business

Roy F. Owen of Portland, who has been in charge of the adjustment business of Frank Allyn, Inc., for the past six years, has purchased the Oregon business of that organization and will continue the business under his own name.

Mr. Owen has been very active in organization affairs in Oregon. He organized the Eugene Agents Association at Eugene, from which has since grown the Oregon Agents Union. He also organized the Blanket Club of Oregon and the Oregon Casualty Adjusters

Association, which includes approximately 95 percent of the adjusters in the state, and has been its secretary-treasurer since its organization. He has been active in the Blue Goose and in legislative affairs, as a member of the insurance committee of the Portland chamber of commerce and the legislative committee of the adjusters' association.

### Restrict Oregon Rate Raises

PORTLAND, ORE., Aug. 24.—It was decided that Class 8 towns or better should not be affected by rate increases in Oregon, at a meeting of the Oregon conference committee with J. N. McCune, manager Oregon Rating Bureau. The rate increases when adopted will affect only Classes 9 and 10. Final approval of the proposed rate changes is still pending.

### Opening Up New Mexico

The Cravens, Dargan & Co. general agency is actively entering New Mexico and will represent the Pacific National Fire, which is now in process of being licensed in that state. Malcolm Cravens, son of the founder of the agency and brother of Rorick Cravens, who is in charge of its Pacific Coast business, has charge of the work of opening up New Mexico. Cravens, Dargan & Co. now represents 20 companies in Texas, its home state, and 13 in the entire Pacific Coast territory. It has more than 3,000 local agents in the territory and does a business of more than \$5,000,000 annually.

### Peyton Takes Great Lakes Department

Harry Peyton, Seattle general agent, has taken over the agency plant of the Great Lakes department of the Public Fire, which was formerly represented in Seattle by Rhodes, Wilton, Barron & Eastman. The Peyton general agency also represents the Public Underwriters of the Public Fire for Washington.

## EASTERN STATES ACTIVITIES

### Harrisburg to Enlarge Cover

**Coinurance Plan Calls for \$4,407,705  
Fire Insurance on Schools as  
Against \$905,500 Now**

The school board of Harrisburg, Pa., has adopted a new coinurance plan that will increase fire insurance on the city's school buildings and their contents by 471 percent. The board has designated W. H. Eby as its agent to administer the plan.

There are approximately 250 separate policies covering the schools, expiring on 39 different dates over a five-year period. Although insurable value of all buildings and contents totals \$5,617,845 only \$905,500 insurance is carried, or 16 percent.

Under the coinurance plan Mr. Eby will cancel all policies and draw up new ones, with all buildings insured on the same bases and percentage, and all policies expiring on the same date. Building will be insured to 80 percent of value and contents 90 percent, total insurance being \$4,407,785. Premiums will be doubled, from \$4,115 to \$8,724 the first year, and \$5,994 annually thereafter.

### New Jersey Association's Gain

NEWARK, Aug. 24.—The net gain in membership of the New Jersey Underwriters Association for the fiscal year which ends Sept. 1 has been announced as 58. This gain, in view of the present business depression, is regarded as remarkable and is due principally to the efforts of the association's present president, Harvey B. Nelson. The annual meeting will be held in Jersey City, Sept. 8.

### Interesting Case Decided

**Right of a Sub-Agent to Cancel an  
Unsatisfactory Policy Becomes  
Paramount Issue**

An interesting case is decided by the New Hampshire supreme court in *Lavois v. North British & Mercantile et al.* The plaintiff engaged an agent named Kimball to obtain \$4,500 insurance on his property. The agent understood he had full freedom to obtain the insurance in any way. Having no companies to take \$1,750, the agent asked Melcher & Prescott to place this amount. They agreed to do so and wrote a policy in the National Fire, one of the defendants. This company notified the agents that it did not wish to carry the risk. The agents then canceled the policy and wrote one in the Sun, another defendant. This company gave immediate notice to be relieved of the liability. The agency canceled this policy and wrote it in the North British. The next day the property burned. The first two policies were retained by Melcher & Prescott until their respective cancellations, when they were returned to the companies. The last policy was mailed by the agency to Kimball after the fire and later delivered to the plaintiff. All the policies contained a clause requiring 10 days notice to make cancellation. The trial court ruled that only the assured could take advantage of the clause and held the North British liable.

The supreme court holds that since the first company may not prove cancellation of its policy without showing the waiver, the others may undertake to meet such proof and dispute the claim.

## The Professional Mourner vs. A Sense of Proportion

PICK up a sensational newspaper, serving a curiosity about the less admirable exhibitions of our common humanity, and the quick and natural conclusion is, "Nobody has any morals."

But look up from that page and regard sanely your own neighborhood of decent, responsible persons, doing the day's work, raising families on a foundation of self-respect and community responsibility; and your point of view changes.

The careless phrase, "Nobody has any morals" dies on the fresh, clean wind of fact, as will the thoughtless chant now coming into vogue, "Nobody has any money."

The professional pessimist, enjoying his brief place in the sun, has no concern with facts. To his distorted vision the world is hurtling merrily to the bow-wows. He sees the man who has no job and forgets the twenty who still rise to "Big Ben's" call in the morning. He moans as he hears the shutters close on a once pretentious mansion and closes his ears to the sound of the hammer and the saw as his neighbor builds a new porch on what he is still proud to call his home.

It does not require any great perspective or sense of humor to appreciate the absurdity of the professional mourner's position, as he chants his dirge, "Nobody has any money."

Somebody has money to buy everything which can be sold. Somebody has money to invest in life insurance at a time when as never before, it looms as a "great rock in a weary land."

Forget the exhibitionist few who make the front page and remember the great quiet army of those who are not "news"; those who have not given up, but are working toward something better for themselves and their children. They are still buying bread and butter and an occasional piece of cake. And they are still buying insurance from the life underwriter who refuses to lose his sense of proportion.

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of waiver. There is no ground for an estoppel against them, the court contends. The court said that the existence of termination of a contractual relationship between the assured and the first company when the other policies were written is a controlling matter of inquiry. The ruling was therefore wrong and it was error not to consider the evidence relating to waiver.

It is a necessary implication, the court finds, that the plaintiff sought insurance in companies which would be satisfied to carry the risk. It follows that it was within Kimball's engagement to obtain insurance acceptable to the companies. The court says that since the plaintiff sought insurance which would not be thus canceled, Kimball had the incidental authority to accept the company's

notice of cancellation and to waive the time limit in the substitution of other insurance. In like manner his general charge of the business gave him authority to engage other agents to procure the insurance so far as he could not get it himself. Disapproval of the risk by a company definitely made its policy unsatisfactory. The decree for the plaintiff is affirmed.

## New Jersey Rating Changes

NEWARK, Aug. 24.—The Schedule Rating Office of New Jersey has just issued a number of changes in rates, vacancy privileges, forms and other schedules, all affecting mercantile, private dwellings and unprotected property.

## NEW ENGLAND NEWS

## Right of Subagent to Cancel

## New Hampshire Supreme Court Passes on a Case Where the North British Sought Rehearing

The North British & Mercantile moved for a rehearing in the case of Lavoie vs. North British & Mercantile in a case before the New Hampshire supreme court. Claim is made that the authority of the subagent to waive the assured's right to the ten day notice of the company's cancellation provided the policy remains undelivered by the subagent and other insurance replaces it, is not a necessary incident of the general authority the assured has given to obtain insurance for him.

The court holds that the assured made the agent his alter ego in obtaining the insurance and the subagent might do anything fairly serving his assignment to obtain part of it. The only reasonable conclusion is that the right

to waive was given as an incident within the scope of authority. The extent of authority is to be ascertained as matter of fact. The work for which the subagent was hired was in fact completed when he had on hand policies acceptable to the companies. If a policy at first acceptable to a company is later and before delivery, canceled, the agent's authority to represent the assured both as to notice of the cancellation and as to waiver of the time limit would depend upon the terms of the arrangement, express and implied, between him and the assured. Under the facts the court says that the policies were ready for delivery, the insurance was obtained and the objective of the agent's service for the plaintiff was accomplished. The statement of the opinion that the engagement continued until policies were ready to be delivered is not to be construed as holding that all incidental authority was thereupon terminated regardless of what later might happen. Judgment for the plaintiff is affirmed.

## IN THE CANADIAN FIELD

## Dwelling Loss Ratio Rises

## Companies Concerned Over Increase in Number of Fires and Total Losses in Protected Class

OTTAWA, CAN., Aug. 24.—The steady increase in the loss ratio on protected dwellings in Canada is causing some alarm. There is a difference of opinion as to the reason for the increase. A common opinion is that the fact that rates have gone down generally over the period under review has a bearing on the increased loss ratio. Insurance executives and adjusters state that trivial claims are increasing rapidly. These are losses due to cigarettes and closet fires. The growing use of oil burners and the increasing of electrical installation are given as another reason

for the increased loss ratio, while garages situated close to dwellings may partly account for the increase. The reason most generally advanced is "hard times." Furnaces and furnace pipes in need of repair or replacement were allowed to go and thus fire prevention measures were neglected.

For the first six months of 1932 there were 6,349 dwelling fires in Ontario with a loss of \$2,166,846, while for the corresponding period of 1931 there were 5,603 fires with a loss of \$1,706,426, which shows an increase of 746 fires and \$460,420 insurance loss in 1932. For the six months period the average loss was \$341 in 1932 and \$305 in 1931. There is, therefore, a large increase in the number of fires and total loss on dwellings in 1932. This phase of the business is being given careful study by the executives of all fire companies.

## Victoria Agents Elect

VICTORIA, B. C., Aug. 24.—D. W. Campbell of the Campbell Investment & Security Co. was elected president of the Victoria District Fire Insurance Agents Association, succeeding J. L. Mara of Mara, Jones & Co.; T. O. Mackay, Douglas, Mackay & Co., vice-president, and F. F. Fatt, reelected secretary-treasurer. The new executive

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## MOTOR INSURANCE NEWS

### Would Refuse Incorporation

Unfavorable Report on Application of Missouri Auto Insurance Association for "Non-Profit" Charter

ST. LOUIS, Aug. 24.—Denial of the application of the Automobile Insurance Association of Missouri for incorporation as a non-profit organization is recommended by J. W. McAtee, an attorney appointed by Circuit Judge Green to investigate the application.

The petition set out that the organization is composed of persons, firms and corporations engaged in writing or soliciting automobile insurance for stock companies, and that its purpose is to protect the interest of the members engaged in writing automobile insurance and adjusting claims, educating and instructing the members and general public as to the various types of insurance and policy forms and companies and the advantages and disadvantages of stock, mutual, reciprocal insurance, etc., and to advise the public against the dangers of doing business with unreliable carriers.

Mr. McAtee held that as all the petitioners are connected with or financially interested in the sale and writing of insurance in stock companies, to inform the public of the merits of such type of insurance would result in profit to the members of the proposed corporation, although there would be no direct profit to the corporation.

The officers of the association are J. B. Hill, president; Mason Miller, vice-president, and J. W. Rodger, secretary. Regardless of what the court does, the association will continue to function along the lines indicated.

### Autoist Mutual's Statement

Chicago Company Shows Progress Made Since the Annual Figures Were Published

The Autoist Mutual Insurance Company, with head office at 208 South La-Salle street, Chicago, has issued its semi-annual statement. All figures for the middle of the year are being scrutinized carefully. The assets are \$685,304. Of this amount \$530,292 is in bonds. The Autoist Mutual has prided itself on the character of its investments. It carries a claim reserve of \$95,971 and premium reserve \$174,300. Its net surplus is \$347,970. On the first of the year the Autoist Mutual had assets \$563,895 and net surplus \$292,754. Its premium re-

serve at that time was \$161,768. It can thus be seen that the main items in its statement have increased materially.

The business for the first six months increased 12.11 percent. Underwriting Manager E. A. Allickson states that the increase has been particularly noticeable the last three months of the period. The company anticipates an increase of 20 percent for the year. The Autoist Mutual reinsures all personal liability in excess of \$5,000/\$10,000 and fire insurance in excess of \$5,000.

George H. Wick has been appointed special agent traveling in Indiana. Ernest E. Hielscher, secretary-treasurer, is an energetic, hard working official, who is making a success of the company. It writes full cover automobile insurance.

### New Missouri, Virginia Rates

Manuals to Be Issued Soon Showing Revised, Fire, Theft and Collision Rates

NEW YORK, Aug. 24.—Revised automobile rates covering fire and theft and collision hazards in Missouri and in Virginia have been completed and manuals will shortly be issued by the National Automobile Underwriters Association. The new figures become operative in the former state Sept. 1 and in Virginia Sept. 5. Rates now in use in both states are those in the 1930 manual, no new manuals having been issued last year. Such revisions as will appear in the 1932 figures will relate mainly to the fire line. In respect to property damage rates the fire companies follow the manual of the National Bureau of Casualty & Surety Underwriters.

### Cigarette Burns Being Eyed

Some Automobile Men Favor Elimination of Liability for Damage to Upholstery

While the use of a deductible to avoid payment of cigarette losses on household contents is under discussion, a number of automobile underwriters are eager for the promulgation of some plan that will bring relief from payment of cigarette losses on automobile upholstery.

Cigarette losses on automobile seat coverings, side panels and tops are frequent and claims are constantly being submitted. Cigarette burns on seats can be repaired at small cost, because usually only one pipe need be replaced.

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Burns to panels are more expensive and often the assured will demand replacement of all of the panels in order to have a uniform color. Top burns are usually expensive as patching is impracticable.

Some automobile claim men feel that top burns should be paid, inasmuch as they are usually caused by some one tossing a cigarette from outside the car; but they do object to the payment of cigarette claims on interior upholstery, feeling that the same principles are involved as in cigarette burns to upholstery and rugs in the home.

### Another "Association" Closed

MILWAUKEE, Aug. 24.—As the result of the recent drive inaugurated by the Wisconsin department and the better business bureau of the Milwaukee association of commerce against so-called motorist protective associations operating in Wisconsin, a third organization of this kind has closed its doors. When police officers attempted to serve a warrant issued at Madison charging a salesman of the Wisconsin Motorists' Protective Association of Milwaukee with obtaining money under false pretenses, they found the doors locked and the office vacant. The association was incorporated in June. A corps of fast-talking salesmen went to work in the state, but did no business in Milwaukee. The organization pledged to get discounts for service for members who paid \$27.50 for a two-year membership. If attempts to collect the full membership failed, any payment down was frequently acceptable.

### Staff Committee to Meet

The staff committee of the National Automobile Underwriters Association will meet in New York City the week of Sept. 6, taking up a number of important matters.

## MARINE NEWS

### Yacht Business Is in Slump

Many Owners Leave Boats on Blocks  
Uninsured Through Summer—  
Marine Premiums Off

Marine premiums are off considerably in middle western territory and the business is in the doldrums. The annual spring and summer yacht and small boat business was expected to help some, but the depression has caused many owners of small craft to keep them up on blocks, even through the summer season. And a great many of these contrived to get along without coverage on their boats, figuring there is little hazard on the craft when laid up, with gasoline and oil drained and tarpaulin battened down over the hold. As a matter of fact, the hazard is considerable, marine men say, for boats usually are stored by the dozens, side by side in ship yards.

This small boat business annually means literally thousands of risks to marine companies. The falling off this year has been decided.

### Coinurance Clause Explained

To those agents who have entered the field recently and are still a bit hazy as to the operation of the coinurance clause, the newly issued booklet of the Fidelity & Guaranty Fire of Baltimore supplies a simple explanation. In proper sequence the meaning of the clause is set forth, its need recited and illustrations given as to its application. The scope of coverages offered by the Fidelity & Guaranty in conjunction with its affiliate, the United States Fidelity & Guaranty, is presented in alphabetical form in a separate leaflet prepared by the latter company, its purpose being to enable representatives of the asso-

## Historic Exhibit of Fire Fighting Apparatus Found

PHILADELPHIA, Aug. 24.—An educational exhibit of old time fire-fighting apparatus and old records of the early days of fire insurance together with an exhibit of some of the modern apparatus will be one of the features of the annual convention of the National Association of Insurance Agents which will be held here Sept. 20-23.

Invitations are to be sent to the school board and the various private schools inviting pupils to visit the exhibit, which will be an observance of the bicentennial of fire protection and fire insurance, stressing the historical and educational aspect of it.

It is planned to have a lecturer present during the days to give frequent talks.

The old-time exhibits of the early days of Philadelphia are to be donated for the occasion by the three oldest fire insurance companies in the United States, all of them from Philadelphia—the Philadelphia Contributionship, the Mutual Assurance, and the North America.

The exhibit will contain old fire marks, old helmets used by the volunteer firemen of 200 years ago and the old leather fire buckets. There will also be some early records of the companies, with some of the first policies.

ciated institutions, or of either company, "to help hold the business you have and enable you to acquire more." Equipped with the information contained within the pages of the little folder the wide-awake solicitor should be able to add materially to his premium income through the sale of forms of indemnity, to many of which he gave little attention heretofore.

### Saskatchewan Falls in Line

By order-in-council, Saskatchewan has adopted the provisions of the automobile insurance act, already enacted by British Columbia, Manitoba, Ontario and Nova Scotia, which come into force Sept. 1. The provisions embraced in the Saskatchewan measure were recommended by the special committee of the Association of Superintendents of Insurance of the Provinces of Canada. Alberta and New Brunswick are expected to take similar action soon. If so, seven of the provinces will make the act effective Sept. 1, thus making the terms and conditions of automobile policies uniform therein.

### When Elevator Fires Occur

The Grain Dealers National Mutual says that half of the elevator fires occur after closing hours. One reason for this is that bearings get hotter after a plant is shut down than while running. The Grain Dealers National says that slight settling of a plant due to any number of causes may throw the shafting out of alignment. This would naturally cause a bearing to the shafting to bind slightly and heat on a long run.

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## Premiums Are Off 16% in New York

(CONTINUED FROM PAGE 5)

strategic centers beyond the city limits, where cheaper rentals are to be had and from which more expeditious deliveries to consumers can be made. By virtue of the promptness with which merchants may now secure added stocks from manufacturers via the automobile truck lines, the need for carrying large supplies on hand as was previously the case no longer exists, with a consequent lessening of insurable values.

### Marine Offices Take Business

Still another force responsible for the falling off in income on the part of the straight fire companies is the considerable volume of business that has been deflected to inland marine writing offices, the encroachments of which have attained such proportions as to compel corrective action by the insurance department. The marine men have ever been a law unto themselves with respect to forms of coverage and rates, maintaining that they were not amenable to supervision in such direction, in the absence of any governing statute. The construction of "inland marine coverage" has been so broadened by some of the marine writing offices as to include buildings, which by no process of sane reasoning can be accounted transit risks.

In the opinion of underwriters it will be years before the fire premiums of New York City attain the proportions reached in 1928 and for several years preceding, owing mainly to the primary conditions recited above.

## Extend Time Limit For Filing Briefs

(CONTINUED FROM PAGE 5)

business it would be inadvisable to set forth the position of the companies just now. Mr. Van Schaick, recognizing the validity of the plea, gave the companies until Sept. 12 in which to submit their position.

Meantime the department has received from the committee on foreign commerce and revenue laws of the chamber of commerce of New York a request that no action be taken tending to hamper the operations of American exporters and importers.

## Farm Insurance Problems as Seen by Local Agents

(CONTINUED FROM PAGE 5)

are sorely tried by the misdeeds of their agents. But they are human and frequently do not have the agent's viewpoint immediately at hand.

Farm business now is a problem of first magnitude, possibly more than ever before. As a state agent of a company I formerly represented has stated to me on numerous occasions, "The smartest man in the insurance field today is the farm producer." His technical knowledge may not be so varied, but there is plenty of technic in the farm business, and a farm agent must know farm language, should know farm values and be ready to apply his knowledge honestly and conscientiously.

### Criticizes Indiscriminate Appointments

It occurs to us the major fault of the farm writing companies is their desire to get business and to appoint any one as an agent, regardless of his qualifications. This is a free country and no one can be denied the privilege of entering the insurance business, but that does not carry with it compulsion on the part of the company to appoint any one who desires to enter even though he may have purchased an agency. We know many good big producers have had loss records, but if so over a long period why

retain the agency? Just now, no doubt, many big farm producers have had loss records who previously for many years had a good loss record. My limited contacts result in the conclusion that part time men are mainly responsible for the high loss record when measured over a period of many years. I appreciate that may be cited as proof of my taking an agent's point of view, but I am trying to be fair.

### Overhead Writing Is Practiced

An agent cannot be expected to be always loyal when he knows risks are being written over his head. I do not say that because of any experience I may have had, because that practice has not entered in with my agency, but we all know overhead writing is practiced.

Just now mutual competition is the agent's bugaboo. Are the legal reserve companies recognizing that fact? I doubt it; doubt if they fully appreciate it. If the companies would clean house, rates could be reduced and a profit accrues. The high loss ratio on farm business is partially caused by over-insurance, no doubt of that, but yet the mutuals go out in our field and write heavier than we are authorized to do. Yet they maintain a low loss ratio comparatively, relatively. That is, most of them do. Business must be written at lower values, no question about that, but is that the main thing to consider? It occurs to us the matter of selectivity is more important. The average farmer has an antipathy to our asking too much reduction, and in our contacts with the farmer, the matter of our man should be most uppermost in our minds.

### Advocates Contingent Commissions

I have always thought the contingent basis of paying commissions to an agent the proper manner of remuneration. I know the objections to it, but yet it is the one right and proper basis of pay for service. It would cure many evils to my way of thinking. Competition should be, and must continue, but oftentimes it is the real cause of many evils entering in. But, if only men of character, men who know farm insurance, men who intend to be fair with their clients and with companies, men who devote their major time to the farm business, are appointed, then we may approach the ideal. Then competition would not result in so much evil.

### Crazed by Postwar Inflation

All were more or less crazed by the post war period of inflation, both agents and companies, but why penalize the agent for misdeeds of his management. He is being penalized now by a reduced business and by charge-backs on business he wrote back there. On the other hand, the company is likewise being sorely tried by the same thing, with less income and increased losses.

Can it be that the insurance business, including the farm end of it, has become too standardized? Are we obliged to travel a too restricted road? Is individual initiative hampered? Sometimes I feel so. Certain rules must apply and companies and agents should work together, but are we too much restricted?

### Testing with Blank Gaskets

The "Factory Mutual Record" states that in a factory in New Jersey a sprinkler contractor inserted a blank gasket in a 3½-inch flange joint to make a pressure test on a new system he had just installed. The test completed, he failed to remove the gasket and reported the system in service. The "Record" states that several years ago a similar gasket was found in a six-inch riser after a sprinkler had failed to control a fire. The "Record" declares that blank gaskets should never be used for testing sprinkler piping except where absolutely necessary. They should be promptly removed after tests are completed and should have a conspicuous, projecting piece to serve as a warning and reminder.

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# The National Underwriter

August 25, 1932

CASUALTY AND SURETY SECTION

Page Twenty-nine

## Hobbs in Sessions on Rate Increase

Confers with Central Western  
Commissioners Who Objected  
to Compensation Raise

### CONVEYS RESULTS EAST

Hearings to Be Held in Several States  
During Next Week—Local  
Committees Functioning

NEW YORK, Aug. 24.—The situation throughout the country with respect to the rate revisions recently promulgated by the National Council on Compensation Insurance was considered by the governing committee Tuesday. No action was taken nor was a further meeting set. In such unregulated states as Illinois, Iowa and Michigan, where opposition to the new program has been encountered, it was made clear that the rates advanced are merely advisory, the council holding them to be necessary and reasonable, but without authority for their enforcement.

Clarence W. Hobbs, special representative of the National Convention of Insurance Commissioners to the National Council on Compensation Insurance, was in the central west last week conferring with some insurance departments which offered objections to the new compensation rate program of the National Council. He visited the Michigan and Illinois departments and also planned to include Iowa in his trip, but found he could not make it in the time at his disposal, as he had to be back in New York Monday.

The chief objection offered by Superintendent Hanson of Illinois was that the increase in rates for non-regulated states, including Illinois, had been made effective earlier than in regulated states, which he said constituted discrimination. He also raised objection to applying the increase to existing contracts, in common with several other commissioners.

#### Hobbs Makes Promise

Mr. Hobbs promised to present the arguments raised by Superintendent Hanson on these two points at the committee meeting in New York this week. On the question as to the time when the rates were made effective, he said there would be a difference of only a few weeks at the outside in the two classes of states and that the council had not felt that there would be any serious objection on that account.

Commissioner Livingston of Michigan, president of the National Convention of Insurance Commissioners, as chairman of the Michigan compensation commission, composed of himself and two other state officers, refused to accept the filing of the new rates, stating that this action had been authorized by the other two members of the commission. He stated that commission would

(CONTINUED ON PAGE 32)

## New York Brokers Protest

Producers Recognize Gravity of Situation—Can't Operate  
Offices at Profit If Commission Scale Is Further  
Reduced—Seek "Square Deal"

NEW YORK, Aug. 24.—A protest has been voiced by the Insurance Brokers Association of New York on the companies' attitude towards the workmen's compensation rate situation as expressed by Vice-President R. J. Sullivan of the Travelers in a recent statement.

The fact that the companies face a serious situation on workmen's compensation insurance is recognized by the association and the companies state they do not wish to take a selfish, "dog in the manger" attitude, as they believe the companies are entitled to cooperation.

#### Object to Graduated Scale

"We realize it is foolish to expect stock companies to continue to write workmen's compensation at a loss," says the statement. "We recognize no force in the popular argument that the losses incurred by the companies in writing compensation insurance are offset by investment income and by profits on other lines of underwriting. We see no obligation on the part of insurance companies to carry on, deliberately, any major branch of underwriting, facing a sure loss. We know the condition is desperate and that desperate means are needed to arrive at a cure."

The brokers object to the graduated scale of commissions because more service is required on a larger account. They claim they cannot afford to operate their offices at a loss any more than the companies can operate their underwriting at a loss.

#### Term Is Misleading

"We have repeatedly made the point that the term 'acquisition cost' is definitely misleading. When these words are applied to brokers' commissions, they imply merely a sales commission, a commission which might be fixed by the company on a 'take it or leave it' basis, depending on how much they were willing to pay to salesmen merely for selling their policies. The words 'acquisition cost' have no connotation to cover the cost of any service rendered by the producer other than mere salesmanship.

"The measure of a salesman's commission is apparently all which is in the minds of the National Bureau, the National Council and the company's officials, who have been active in proposing the new plan of graduated scale of agents' and brokers' commissions on workmen's compensation insurance.

"We ask you to give consideration to the following statements:

"No graduated scale of commissions is logical.

"By and large, the broker's expenses in rendering service on a larger account, are greater in proportion, figured as a percentage of premium than the cost of his service on moderate sized accounts. And, of course, on very small premiums, there is no rate of commission adequate to reimburse the efficient broker for his services.

"Compensation commissions to brokers are already at a minimum when they are fixed at 10 percent. Our own office expenses approximate 13 percent of all premiums passing through our books.

"Stock insurance companies cannot expect us to conduct our compensation insurance business at a loss, any more than the public should expect insurance companies to continue to operate the same branch of business at a loss.

"The chief argument which we have, in the past, used successfully to retain business for stock companies against mutual competition has been the argument that when insurance is placed in the stock companies the assured has the benefit of our services as his broker, and he has been willing to pay the difference in cost to stock companies, which you know is greater than 10 percent, so that he may have our services. And the same is true of the clients of other efficient brokerage houses.

#### Surprised at Low Commission

"If you should be able to set up a difference of cost between mutual companies and stock companies represented solely by the commission paid the representative of the assured, then you would really have a basis which would tend to secure the return of good lines from the mutuals to the stock companies, and the retention of those now on the stock companies' books.

"Most clients are surprised when they find that we receive only 10 percent commission.

"We are not attempting to argue the details of your case, or to dispute your actuarial statements. Additional work and additional cost will fall on us because of this change. It will be increasingly difficult to sell stock insurance in competition with mutuals.

"At a meeting the other day of the directors and some other members of the Insurance Brokers Association, we, the salesmen in the field, in contact with customers, could not, for the life of us, understand how company officials could arrive at the position which some of them have taken—that the proposed plan would strengthen the hands of the stock companies in their competition with the mutuals, with state funds, and with self-insurance plans. That is a hope and delusion not born out by facts. If the companies deliberately choose to abandon writing such lines of compensation insurance as promise to be profitable, they are embarked upon the correct course.

#### Can't Make Profit

"This whole letter is based upon the statement which we ask you to accept at its face value—that brokers cannot make any profit on workmen's compensation insurance at less than 10 percent flat commission. We, for our part, accept your figures as to your losses on compensation insurance, and your need for

(CONTINUED ON PAGE 33)

## Wisconsin Rejects Proposed Increase

Board Says Compensation Is on  
Secure Basis in Badger  
State

### DISPUTE IN NEW YORK

Protests Filed in District of Columbia  
—Congress to Be Asked for  
State Fund

MILWAUKEE, Aug. 24.—The Wisconsin Compensation Insurance Board has rejected two resolutions for increased rates presented by the rating committee of the Wisconsin Compensation Rating & Inspection Bureau adopted at a hearing on new compensation rates last month. Representatives of stock companies had presented their resolution asking for a 10.9 percent increase in rates, while the non-stock companies had asked for a 5.3 percent advance. With a tie vote on the two resolutions, the matter was referred to the state compensation board to cast the deciding vote upon the two separate resolutions.

By unanimous vote the board resolved both ties in the negative and suggests the adoption of a substitute for these resolutions providing for a continuance of the 1931 rating procedure with no additional emergency loading.

The stock companies' resolution was that the emergency program of 1931 be adopted as the rating procedure for 1932 with the substitution of the 1930 policy year experience for 1929 and the addition of a 10 percent flat loading to absorb the decrease in wage rate, which would increase the present rate level of 10.9 percent.

The mutuals' resolution was that the emergency program of 1931 be adopted as the rating procedure for 1932 with the substitution of the 1930 policy year experience for 1929 and further substituting a 5 percent emergency factor for the 2½ percent emergency factor used in the 1931 revision, increasing the present rate level of 5.3 percent.

#### Granted Increase Last Year

In its reply the board pointed first to the fact that an emergency rate increase had been granted in 1931, in November when statisticians showed a national decline in weekly wages paid over the country; and second, that the Wisconsin decline in total payrolls had been less abrupt than in other states, and everything now points to an early cessation of the downward trend. It would not agree at present to any further so-called increases in rates covering workmen's insurance compensation. "We find the compensation insurance business in Wisconsin on a secure basis," said the board, "and the present rate levels are adequate to meet expected losses." The board also asserted that compensation



insurance companies have reduced overhead and expenses effectively. As to the matter of increased occupational diseases, the board stated that such cases were made compensable in Wisconsin in 1919, and that with the possible exception of silicosis, the "cost of occupational diseases has become thoroughly assimilated into our rate structure; after a lapse of 13 years we can no longer recognize the necessity for a special charge for occupational disease cases."

#### Consider Wisconsin Conditions

"We propose to approve rates," said the board, "based on Wisconsin conditions and not on those of states less fortunate, which lack our industrial advantages, and our bulwark of minimum wage laws."

Cases were cited in which insurance companies had cut wages of employees and reduced overhead, etc. "The board acknowledges," it said, "that it is bound to establish rates which assure solvency of the companies, but it is also obligated to hold rate levels fair to employers carrying insurance."

#### Don't Agree with Ratio

"We cannot agree that rates should advance as wages decline in the inverse ratio of two-thirds to one. As weekly wages decrease, weekly indemnities decrease proportionately except in cases of decreases above the \$30 maximum weekly wage provided by law. It is our belief that a majority of those employees who formerly drew wages in excess of the maximum are now earning about the maximum or less and any further wage reductions will require only about 2 percent or 1 percent increase in rate for each 1 percent decrease in wage. We further object to the practice of increasing rates on this basis for the reason that it unjustly penalizes a large class of employers who have conscientiously and courageously attempted to maintain wages at a relatively high level. We have reviewed our records for the year 1926 to 1930, inclusive, but find no evidence of any proposal to lower the rate level because of substantial increase in average weekly wages."

#### Alarmed Over Stability

"With reference to the representation that an increase in rates is required to prevent possible insolvency of insurance companies, no proof was offered. Many general statements were made voicing concern and alarm over the financial stability of the companies and reminding us of our statutory duty to guard their solvency. We are fully cognizant of this duty, but we also recognize another of equal importance. We owe a duty to the insured employers of Wisconsin to protect them in times of economic stress from unnecessary, unwarranted and unreasonable rate increases. We have calculated that all of the loadings, increases and special charges proposed by the companies for adoption in Wisconsin would cost Wisconsin employers for the year ending Nov. 1, 1933, a sum in excess of \$800,000. The proposed flat increase of 10.9 percent alone would produce over a half million dollars in premium income. Justification for a levy of such magnitude under present conditions would in our judgment require a showing by its proponents of direct need, and proof beyond all doubt of a condition verging upon insolvency. No such proof nor anything approaching it has been offered."

#### Should Share in Benefits

"It is the firm conviction of the members of this board that any proposed increase in workmen's compensation insurance rates in Wisconsin should be based upon a showing by the companies as a condition precedent to the approval of such increase, that a sincere and determined effort has been made to insure collection of rates now in effect through: (1) Application of test audit plan; (2) revision of the manual to remedy misclassification. It is apparent that the compensation insurance carriers of this state are not obtaining the full revenue which present rates should produce. So

(CONTINUED ON PAGE 33)

## CASUALTY PERSONALS

In a contest covering the period from June 21 to July 21, the Seattle branch office of the National Casualty, in charge of Mrs. M. G. Closser, state manager,



MRS. M. G. CLOSSER

led the company's entire accident and health division in new business written.

Mrs. Closser has been with the National Casualty in Seattle since 1923 and has been in charge of the agency there for several years. She has been very active in the Seattle Accident & Health Club and was its official delegate at the annual meeting of the National Association of Accident & Health Managers in Chicago recently.

W. E. Barton was found dead from a heart attack at his desk in Indianapolis last week. He was general agent of the Fidelity & Deposit, General Accident, New Jersey Fidelity & Plate Glass and the Potomac. He was recognized as a leader in underwriting circles for many years.

Since 1890 Mr. Barton was actively engaged in the insurance business in Indianapolis. He was born in Washington, Ind., May 31, 1863. He entered the business under George W. Pangborn and in 1896 opened an office of his own. Mr. Barton was a thorough student of fidelity and surety bonds, the casualty and fire lines, and had also made a systematic study of insurance law. He was the only Indianapolis man who had successfully passed the examination on fidelity and surety bonds of the American Insurance Institute and recently completed a thesis in that connection.

A. W. Wilsterman, agency superintendent of the General Accident, attended the funeral. After the services at Indianapolis the body was taken to Brazil, Ind., for burial.

Arthur Wolf, vice-president and founder of the State Automobile Insurance Association, Indianapolis reciprocal, was held up by two men while playing a lone round of golf, bound hand and foot and robbed of a \$600 Masonic ring, a watch valued at \$125, a \$1 bill and his golf clubs. He lay bound in a clump of bushes for half an hour before his calls for help were heard by a green keeper.

J. Dillard Hall, Iowa and Nebraska manager for the United States Fidelity & Guaranty, spoke before the Des Moines Advertising Club on "An Appeal to the Head and the Heart."

With the fatality increase in Iowa by automobiles alone 41.8 percent in one year, the highest of any state in the union, Mr. Hall's very thorough study of the situation, made increasingly interesting by his use of charts, has gained statewide attention. Since April Mr.

Hall has discussed the problem in 29 appearances throughout the state and before national conventions.

C. S. Cornelius of Oakland, Cal., for some 30 years cashier at the head office of the Continental Casualty in Chicago until he retired five or six years ago, died in his city last week. Mr. Cornelius connected with the Continental Casualty when its home office was located in the old Fort Dearborn building on Monroe street in Chicago. That was prior to the time that H. G. B. Alexander became connected with the company, coming up from Indianapolis with the Railway Officials & Employees, which was consolidated with the Continental Casualty. His son, M. P. Cornelius, is vice-president of the Continental Casualty, and he went on to attend the funeral. President H. A. Behrens is at his summer home at Belvidere Island in San Francisco Bay and attended the funeral.

W. Irving Moss, president of the Union Indemnity of New Orleans, is visiting the eastern department in New York City. Mr. Moss and his brother, Mike M. Moss, senior vice-president, are well known to the underwriting fraternity, their substantial and varied insurance interests requiring a considerable amount of traveling.

W. K. Scott, for a number of months adjuster in Portland, Ore., for the Pacific Indemnity, fell overboard from the "California" just outside the Panama canal, en route from San Francisco to New York.

R. B. Holbrook, special agent at Richmond, Va., for the United States Fidelity & Guaranty, had a close call when his car was in collision with another on a highway near Charlottesville. Although his car was practically demolished, he escaped with minor injuries that kept him in a hospital for only a day or two.

Winant Van Winkle, vice-president and general manager of the Commercial Casualty, who has been traveling through Europe since the first of the month, sailed for home Wednesday. He is accompanied by his family.

George F. Manzelmann, vice-president and agency director of the North American Accident, has returned from a three weeks' vacation spent with his family at Yellowstone Park. Apparently he did not leave his business worries entirely behind him, because he visited the company's agencies at Denver, Salt Lake City and Helena, Mont.

#### New Insurance Racket Exposed

BATTLE CREEK, MICH., Aug. 24.—A new insurance racket was exposed here with the arrest of Fred J. Beal of Battle Creek and O. G. White and E. L. Brazier of Indianapolis, who sold special filling station holdup policies in a non-existent company, usually soliciting prospects a few hours after a robbery had been committed.

The Mercantile Service Corporation, which they represented, was forced out of business by Indiana authorities a year ago.

## Assureds Seek Hasty Action on Their Automobile Claims

### DESIRE MONEY ON THE DOT

Some Ease in Meeting Demands Where an Immediate Settlement Is Desired

NEW YORK, Aug. 24.—Although there has been no appreciable diminution in the number of claims filed with casualty companies writing automobile liability insurance in recent months, officials are in accord in saying that it is easier to deal with claimants and their attorneys on a reasonable basis now than has been the case for some time past. Assureds and lawyers alike are anxious to secure prompt adjustments, feeling the need for immediate cash, and hence are modifying their demands. So far as cases fought in the courts are concerned, however, the same old tendency to "soak the corporation" in the interest of the "poor claimant" is still in evidence; being rather more pronounced if anything, than before the depression era set in.

While gratified at the more reasonable attitude of many claimants with regard to settlements for injuries sustained in motor accidents, underwriters are cautioned not to be misled into feeling that the change is a permanent one, and that a lowered cost in automobile insurance may be counted upon for an indefinite period. Instead, the impression obtains among those in close contact with affairs that any marked revival of general business activity would be accompanied by a coincidental return of former conditions in claim making, assureds and their legal representatives insisting on collecting "all the traffic will bear."

#### Interest in Virginia Probe

RICHMOND, Aug. 24.—Virginia motorists are evincing much interest in the inquiry by the state corporation commission into automobile liability and property damage rates, which is scheduled to open Sept. 26. Representatives of the Automobile Club of Virginia will attend the initial hearings and if they deem it necessary will take steps to intervene in behalf of the rank and file of motor car owners. The corporation commission is now assembling cost and experience data and other figures from the companies in preparation for the inquiry. Supervision of such rates was given to the commission by the last legislature.

#### Buckeye Union Coverage

The Buckeye Union Casualty of Columbus, O., is charging an additional premium of \$2 for radio fire and theft coverage where radios are in automobiles. The company is urging its agents to close school bus business as most of these policies will go into effect the last of August or the first of September. The company urges its agents to write policies so that not only the bus operator but the school board is indemnified as the directors may be held liable for an accident.

D. M. Maggin, president of the Lloyds Casualty, paid a visit during the week to the Chicago office.

## June 30 Casualty Figures

(As Filed with Georgia Insurance Department)

Company—	Capital	Assets	Surplus	6 Mos. Income	6 Mos. Disburs.
American Credit Indem....	400,000	\$ 2,892,109	\$ 1,020,851	\$ 891,543	\$ 1,166,361
American Surety .....	7,500,000	22,075,191	1,838,562	6,023,081	6,644,736
Mass. Bonding .....	4,000,000	15,154,529	1,914,041	5,940,523	6,237,050
New York Cas. ....	1,000,000	4,580,305	14,182	1,848,114	1,803,023
American Casualty .....	1,000,000	3,337,082	330,416	963,267	1,067,000
North American Acci....	400,000	2,412,473	352,737	1,393,666	1,492,943
Public Indemnity .....	760,000	4,824,596	508,071	2,430,103	2,477,131
United States Cas.....	750,000	9,285,319	500,000	4,756,136	4,894,001
Western Casualty, Kan....	750,000	3,095,773	261,392	1,127,687	959,293

## Cook Lists Blood Pressure Problems

Northwestern National Official  
Chief Speaker at Joint Con-  
vention on Coast

### LEBBY MADE PRESIDENT

Discussion of Medical and Hospital  
Cost Also Featured at San Fran-  
cisco Sessions

#### By LEVERING CARTWRIGHT

SAN FRANCISCO, Aug. 24.—Inter-  
est at the joint meeting here of the  
San Francisco and Los Angeles accident  
and health clubs was divided between  
an absorbing presentation of blood pres-  
sure and correlated problems in under-  
writing by Dr. Henry W. Cook of the  
Northwestern National Life and a dis-  
cussion of medical and hospital costs,  
together with medical and hospital bene-  
fit associations, of which there are 200  
in California, most of which are declared  
to be irresponsible and some of which  
are charged with being rackets.

W. E. Lebbey, of the Behrendt-Levy-  
Rosen Co., president of the Los Angeles  
club, was elected president of the joint  
gathering, which, it was decided, should  
hereafter be known as the California  
Accident & Health Association. He suc-  
ceeds L. C. Stearns of the Pacific Mut-  
ual. The new secretary of the associa-  
tion is E. W. McGary of the Commer-  
cial and Metropolitan Casualty. He is  
also secretary of the Los Angeles club.  
I. C. Cunningham, southern California  
manager Occidental Life, was elected  
regional vice-president of the National  
Association of Accident & Health Man-  
agers.

#### Dr. Cook Makes Hit

Dr. Cook was available because he  
was here to address the convention of  
the National Association of Life Under-  
writers, which concluded its session the  
day before the accident and health gath-  
ering. He made a big hit because he  
translated into understandable language  
and presented in concise fashion what  
it is important his audience should know.  
He was introduced by T. W. Budlong of  
the Commercial and Metropolitan Cas-  
ualty, whose brother, R. C. Budlong, is  
publicity manager for the Northwestern  
National.

Dr. Cook said it is important to dis-  
tinguish between normal and average  
blood pressure. Although the average  
blood pressure at age 60 is now 133,  
as compared with 120 at age 20, 133 is  
not the normal but the average for age  
60 because sick people have been en-  
tering into the calculation. In 10 years  
Dr. Cook predicted the proper perspec-  
tive will be gained and 120 will be re-  
garded as proper blood pressure for  
age 60.

#### Age 40-45 Critical Period

Dr. Cook mentioned that age 40 to 45  
is a critical period for men. If they  
come through that stage without in-  
creased blood pressure, their chances for  
a long life are good. He dwelt on the  
fact that there has been an alarming  
increase in the mortality of the insured  
population, largely because of the in-  
crease in the degenerative diseases of  
middle and later life. He displayed a  
chart showing that of 100 life insurance  
claims involving a total loss of \$70,000-  
000, incurred within five years of the in-  
ception of the insurance, 22 percent  
were matured by suicide, 28 percent by  
cardio-vascular diseases, 11 percent by  
pneumonia and 10 percent by cancer.  
These four factors accounted for 71 per-

## Silver Jubilee



FRANK OPELKA

Frank Opelka last week celebrated his  
25 years of service with the agency of  
W. W. Durham & Co. of Chicago. The  
late W. W. Durham, who founded the  
office, hired Mr. Opelka as a boy and  
he has been continuously with the Dur-  
ham agency. He is now a partner,  
Frank Durham, son of W. W., being  
the senior member of the firm. Mr.  
Opelka has been always an energetic,  
industrious worker.

Mr. Opelka started work at \$6 a week  
after he had come out of Barrett's busi-  
ness college, being hired by the late W.  
W. Durham. Monday he received many  
telegrams, letters, telephone messages  
and personal calls. He was given a  
luncheon at the Union League Club with  
25 in attendance and was presented with  
a silver service. It fell to his lot to  
handle all the insurance for the Chicago  
Union Station Company, a \$90,000,000  
project. He has been president of the  
Bohemian Catholic Association and was  
one of the organizers of the Bohemian  
baseball league. He is president of the  
Mercier Club. When W. W. Durham  
died in 1924, his son, Frank J. Durham,  
and Mr. Opelka became partners in the  
agency. He is regarded as an authority  
on casualty insurance.

cent of the claims, and the results illus-  
trate why the insured mortality is up  
while the general mortality is down.

Dr. Cook said that to give a dog-  
matic opinion that an abscessed tooth,  
tonsils, etc., cause high blood pressure,  
or to prescribe a diet of "corn husks"  
as a cure, is at worst quackery or, to  
take the most charitable view, poor  
medicine.

#### Heredity Paramount Factor

Without being dogmatic, Dr. Cook  
expressed the opinion that heredity is  
the paramount factor in high blood pres-  
sure. Next is modern environment, he  
declared—overheated houses, use of  
drugs, including coffee, coca-cola, which  
contains caffeine; nicotine, which is a  
cardiac poison; alcohol, which is a kid-  
ney poison that may lead to high blood  
pressure; overeating and lack of exer-  
cise. Then, he said, the relation between  
the public and the doctors is bad, peo-  
ple only consulting their doctors in sick-  
ness. The educational system may be  
wrong, he asserted, emphasizing ambi-  
tion, forging ahead, etc., instead of the  
quiet, retrospective life.

In concluding Dr. Cook displayed a  
normal human heart, a heart which had  
been forced to overcome high blood  
pressure for several years, which was  
greatly enlarged; a brain in which a  
hemorrhage had occurred and a diseased  
aorta.

#### Discuss Hospital Associations

Dr. Cook said it is unfortunate that  
the men with high blood pressure are,  
on the whole, the men with a capacity  
to buy insurance and the men who need  
it. They are the executives who are  
living under strain. The man with low  
blood pressure is more likely to live  
longer but to accomplish less.

In the afternoon there was a lively

## Another Fake Accident Ring Exposed in New York State

POLICE ARREST 18 PERSONS

Adjuster of London Guarantee Said to  
Have Confessed Participation in  
Wholesale Operations

On the heels of wholesale arrests of  
alleged members of a fake automobile  
accident ring in Buffalo, Syracuse and  
Albany, N. Y., following investigation  
by public prosecutors and claim men  
of the Indemnity of North America and  
Commerce Casualty, 18 persons have  
been arrested in Rochester, N. Y., in  
what police and insurance men say is  
the greatest such ring ever exposed in  
western New York.

Additional warrants are ready to be  
served. District Attorney R. E. Fowler  
of Genesee county assumed charge of  
the investigation and said insurance  
companies have been defrauded out of  
many thousands of dollars in the con-  
spiracy.

#### To Call Special Grand Jury

Among those arrested are an insur-  
ance adjuster, a physician and an at-  
torney, all charged with grand larceny,  
first degree. It is probable a special  
grand jury will be called to look into  
the case.

J. J. O'Connell, adjuster for the Lon-  
don Guarantee & Accident is one of  
those under arrest. The specific charge  
on which the warrants have been served  
concerns Guy Nicosia of Rochester,  
supposed "accident" victim whose claim  
was settled for \$750 by the company  
on O'Connell's recommendation. Police  
say Nicosia was never injured and that  
he and John Boccia, who testified in the  
case, received \$60 each.

#### Heavy Bail Demanded

Dr. S. H. Kauffman, the physician  
under arrest, is said to have produced  
artificial brush burns on Nicosia's body  
before giving a statement as to the  
latter's injuries. The physician is at  
liberty under \$15,000 bail. O'Connell  
is held under \$30,000 bail, while L. J.  
Berlove, the attorney arrested, has pro-  
vided \$10,000 bail.

Police claim confessions have been  
obtained from several of those under  
arrest. O'Connell is said to have made  
a complete confession in which he indi-  
cated the fraud had been practiced long  
before he became a party to it last  
March.

#### Testimony All Alike

Insurance companies in Rochester,  
Buffalo and western New York have  
been harassed over a long period by a  
series of mysterious accidents for which  
they paid out a great deal of money.  
The thing that finally brought about  
the investigation was discovery of the  
fact that in almost every case in a  
multiple series the testimony of all  
parties concerned was identical, instead  
of conflicting as usually is the case in  
negligence proceedings.

discussion which started with an address  
by Dr. Ralph A. Reynolds of San Fran-  
cisco. He mentioned that the growth  
in the last two or three years of medi-  
cal and hospital benefit associations in  
California had been a problem. In the  
ensuing discussion it was stated that  
only six of the 200 associations in  
California are situated to carry on suc-  
cessfully.

Dr. Reynolds made the assertion that  
there is a distinct trend to socialization  
of medicine and he expressed the opin-  
ion that to check it there must be  
some adequate insurance plan. He  
said that doctors' fees have not been  
so much responsible for increased medi-  
cal costs as nursing costs, physical  
therapy, new drugs, x-ray and the vari-

(CONTINUED ON PAGE 34)

## Small Claims in Great Abundance

Companies Find That Policy-  
holders Cash in on In-  
surance

### MINOR LOSSES NUMEROUS

People Evidently Are Grasping for  
Straws These Days in Order  
to Get Money

*The accompanying article revealing  
the increased number of insignificant  
claims that are being filed against com-  
panies tallies exactly with the facts pre-  
sented by Ralph E. Richman of the Cin-  
cinnati office of THE NATIONAL UNDER-  
WRITER in his address at the Marietta  
meeting of the Ohio Association of  
Insurance Agents. Mr. Richman's ad-  
dress appeared in full in a special issue  
of THE NATIONAL UNDERWRITER de-  
voted to the Ohio convention. He  
brings out some fundamental principles  
regarding insurance that need to be  
pondered over very carefully.*

NEW YORK, Aug. 24.—Casualty of-  
ficials who are in close touch with the  
claim situation say that the companies  
are literally being eaten up with incon-  
sequential demands made by policyhold-  
ers that would have been overlooked  
in normal times. Many people are find-  
ing it very difficult to get along because  
of the head of the house being out of  
work and the family being unable to  
sustain itself. Therefore, means are de-  
vised to provide funds.

#### People Are Claim Minded

Some people become desperate when  
they see their families in want and they  
do not know which way to turn. Others  
in better shape find it desirable and  
comfortable to have some extra money.  
This sentiment in the air is having its  
effect on insurance of all kinds where  
people feel they can cash in even in a  
small way on their insurance. There-  
fore injury or property loss that would  
be passed by in normal days becomes  
subject for a claim. In many cases it  
would seem that the ingenuity of the  
policyholder had been exercised to the  
utmost to try and find just cause for a  
claim. This situation does not involve  
moral hazard because the claims may be  
perfectly legitimate. They run from \$1  
up to \$10. Claims of this kind are  
coming to the companies from insurance  
of almost all sorts. Evidently every  
advantage is being taken where a claim  
can be made. In this connection it is  
interesting to note that even corpora-  
tions of considerable size and assureds  
of much prominence do not hesitate to  
put in small claims.

#### Expense of Adjustment Heavy

The expense of investigation and ad-  
justment far exceeds the amount of the  
loss. In many cases agents seem to  
encourage the filing of these claims in  
order to convince the assured that they  
are on the job and are getting service.  
Companies declare that in many in-  
stances the assured would probably not  
put in a claim unless encouraged by  
agents. In case of some claims the  
time and expense of an adjuster runs  
up into real money but the company is  
compelled to take cognizance of the de-  
mand. If policyholders were compelled  
to assume even a small loss the compa-  
nies would be rid of a very large ex-  
pense. The fact of the matter is that  
these small losses in the aggregate do

(CONTINUED ON PAGE 34)



## Hobbs in Sessions on Rate Increase

(CONTINUED FROM PAGE 29)

be glad to hold a hearing on the matter if it were requested by any of the interests involved, but so far no move has been made in that direction.

It is not considered probable that any formal action will be taken by the council on the objections offered by Commissioner Herdman of Nebraska, as under the laws of that state the rates filed are only advisory.

### Local Committees Acting

The protests made on the new rates in Minnesota, South Dakota and North Carolina will not be acted on by the National Council at this time, but are being handled by the local committees in those states in an effort to smooth out the difficulties if possible.

Hearings will be held in South Dakota Aug. 30, North Carolina Sept. 7, and Minnesota Sept. 1. The protests filed by Louisiana agents and managers were based on the same points raised by the

Illinois department, but so far as is known there has been no official action there.

Insurance salesmen throughout the country are in a state of rebellion against the order to attach an endorsement to existing workmen's compensation policies calling for a higher rate as of Aug. 1, or cancel, they taking the position that this unnecessarily antagonizes policyholders, most of whom have paid their premiums and made up their insurance budgets. They contend that this order has caused no end of trouble and has stirred up rebellion of all kinds. The non-conference companies are not requiring the endorsement on existing policies, but are putting in effect the increase on renewals and new business. This the agents claim is the logical plan to follow. The bureau companies have relaxed considerably in their requirements as to the endorsement.

### Object to Commission Cut

Agents and brokers are opposing the reduced commissions where the premiums run \$1,000 or more, but the companies seem to be holding together on this requirement. They claim that un-

less this were done the increase in rates would not have been secured. They call attention to the fact that the premiums of \$1,000 or more are not so numerous. Agents in the smaller places are hardly affected. In fact, with the increase in compensation rates, their commissions will be more than they have been. The loss will come largely in the big agencies and brokers' offices in the large cities where the premiums run up into money. However, the companies contend that this graded system is just and must be adhered to.

### ILLINOIS "MASS MEETING"

Protests of Illinois producers against the workmen's compensation rate increase of 15 percent culminated last Thursday in what closely approached a mass meeting at Springfield of local agents, brokers and representatives of general agents, to present their views to Superintendent Hanson.

This followed the superintendent's public objection to the increase, and preceded by one day his conference with C. W. Hobbs, the commissioners' representative on the National Council on Compensation Insurance.

### Superintendent Hanson Silent

Following his original protest against the rate increase, invitation from the National Council to go to New York and confer on the matter, and his refusal to make the trip, and Mr. Hobbs' journey to Springfield, Superintendent Hanson of Illinois has issued no official statement.

Rockwood Hosmer, president Illinois Association of Insurance Agents, and others who attended the Springfield conference, however, reported the superintendent stated informally he was convinced the Illinois increase (which is 15.3 percent plus a flat charge of 1 percent per \$100 of payroll to cover the occupational disease hazard) should not be applied to policies in force in mid-term.

### Seek Solution Peacefully

Illinois producers, faced with a company-inspired state of affairs which they apparently unanimously consider the "most dangerous thing the companies have done in many years," a course of action which agents and brokers see alike as already having inspired the keenest of mutual and reciprocal competition, as destructive of stock company business in a time of depression and as imposing an almost impossible task on producers, nevertheless are charitable and ready to trust their interests to conference with companies. They are hopeful some "reasonable" modification of the rate filings may be reached, and are confident Mr. Hobbs will do the best he can to ameliorate the situation.

### Difficult Reselling Task

Much emphasis has been placed on the rate increase, but Illinois agents and brokers primarily are concerned over the rule applying this increase in the middle of the term on existing policies. This is the drastic revolutionary action which has shaken agency and brokerage ranks to their very foundation.

Points were made at Springfield that this strikes at the basic difference between stock and participating insurance. For years stock producers have had a strong argument in that cost of their insurance was definitely known. Now comes the situation, they said, in which they sold what their whole experience led them to believe implicitly was definite cost insurance, which they so described to their clients, only to have that cost increased in the middle of the term.

Second was the unanimous belief that the task of notifying clients not merely will be disagreeable, but nearly impossible. It involves not mere notification, but actual reselling under unfavorable auspices, where clients are counting costs closely and in many cases need only an excuse to go elsewhere.

Third, and perhaps most significant is the general belief that not nearly

enough time has been permitted producers to carry out their onerous function. It was said by one prominent agent he could not possibly complete the task before the end of October, yet the increase becomes effective Sept. 15. He pointed out that with many clients he will have to sell the proposal that the increase became retroactive a month or more. This is a proposal which many of the producers saw as impossible to put over.

### Contention Is Explained

Leaders among the agents emphasized that they were not objecting to a rate increase on new and renewal policies, however injudicious such a move by the companies might be at this time. It was recognized the companies have lost much money on compensation and this condition cannot be permitted to continue.

Arthur S. Schwartz, vice-president of the brokers' association, debated the matter of justification for a rate increase, quoting figures to show latitude for substantial savings could be found elsewhere.

A general meeting of the Chicago Agents Association was held Tuesday afternoon at which four members who took part in the Springfield conference reported. It was the consensus among the agents that efforts to reach a solution satisfactory to all interests be allowed to go forward peacefully and that recourse to drastic action should be deferred until it becomes apparent conference is unsuccessful.

### Drastic Measure Possible

However, there are Illinois and Chicago agents who openly have been advocating returning the rate increase endorsements to their companies with the suggestion that carriers try to collect the extra premium and the assertion that agents will not.

If such action were adopted on a wide scale by agents it is considered obvious it would be a powerful weapon. Faced with reduced premiums, financial difficulties of many agencies, reduced home office and field personnel, companies would think long before canceling agency contracts because of such revolt. It is an expedient in the minds of many agents and must be reckoned with by companies in considering the question.

### Those Who Were Present

Men attended from ten Illinois cities representing the Illinois Association of Insurance Agents, Chicago Agents' Association and Insurance Brokers Association of Illinois. Among those present were: J. A. Giberson, Alton local agent; Al Ernst of the McKinney agency, Alton; three from Bloomington—R. P. Jefferson and R. S. Freese of Freese & Jefferson, and F. B. Erion of the Capen Investment Co. From Chicago went T. G. Rockwell of Moore, Case, Lyman & Hubbard, P. B. Hosmer and Rockwood Hosmer of R. W. Hosmer & Co., A. I. Wolff of Klee, Rogers, Loeb & Wolff, and A. S. Schwartz representing the brokers' association.

### Many Cities Represented

Decatur sent L. W. Shade of Bennett & Shade and C. C. Nicholson of Durfee, Clark & Nicholson; East St. Louis sent J. F. Galvin of McLean & Galvin and W. J. Veach and his son, W. J., Jr., local agents. From Lincoln went Walter Fester of the Hodnett Co.; from Peoria, L. R. Newell of Calender & Co., F. H. Hawk, L. L. Hauser of the Mendenhall, Iliff & Co. agency, S. H. Kinnie of Roswell Bills & Co., and J. T. Oliver of Hatfield & Co. Quincy was represented by L. F. Fuelbier, local agent, V. G. Musselman of the Musselman agency, M. E. Freiburg of Miller, Castle & Freiburg, and T. M. Koelsch of the Robbins & Koelsch agency.

From Rock Island went F. J. Budelier of the H. H. Cleaveland agency; from Springfield, John C. Lanphier, Jr., of Lanphier & Co., J. H. May of the May agency and Robert W. Troxell of

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#### ANNOUNCE NEW YORK INCREASE

NEW YORK, Aug. 24.—Subject to departmental approval, compensation rates in New York state will be increased on the average 9.2 percent over present figures, effective as to new business and renewals Oct. 1, but not applicable to policies in force.

The governing board on July 21 determined upon a revision of existing rates and directed the staff "compile the latest available statistical data" to serve as a basis therefor. The pure loss cost, it is understood, has been tabulated. Opinions between the two types of carriers differ as to the ultimate rate level to be required. The stock men desire inclusion of a factor for decreasing payrolls, at the same time maintaining the emergency factor. Consideration of the broad proposition resulted in a tie vote between the stock and the non-stock members, of the committee, the moving being lost when the State Fund representative finally voted with the mutual men. The non-stock carriers are opposed to the idea of graded commissions or other expenses, and will seek to maintain their position vigorously.

### Wisconsin Rejects Proposed Increase

(CONTINUED FROM PAGE 30)

long as discriminatory practices continue with the resulting loss in premium, no rate increase should be approved.

"For some time it has been the practice in this state to load the rates of those classifications subject to schedule and experience rating by a factor indicating the extent to which the schedule and experience rating plans are off-balance. We are entirely in accord with this principle that the rates in these classifications should be loaded to provide for the balancing of the debits and credits created by these plans. We can see no justification, however, for permitting this loading to be applied to those risks which because of high eligibility rules are unable to qualify for the benefits which the application of either or both of these plans produces. In other words, an employer should not be charged with the increased cost of the administration of the schedule or experience rating plans unless he is also given an opportunity to share in the benefits to be derived therefrom."

#### DISTRICT OF COLUMBIA PROTEST

WASHINGTON, D. C., Aug. 24.—An increase of 26.9 percent in the premium rate for compensation in the District of Columbia has resulted in the filing of a large number of complaints with the district superintendent of insurance and the United States employees' compensation commission. That Congress will be asked to take cognizance of the increase, which is said not to be justified by losses in Washington, is freely predicted, with indications that Congress will be asked to revive legislation providing for a state fund for compensation. The increase in rates, it is estimated, will cost District employers \$300,000 a year, according to W. H. Davis, manager of the District of Columbia compensation rating bureau.

### New York Brokers Protest Change in Commission Rate

(CONTINUED FROM PAGE 20)

increased rates. But we do not and cannot agree that your problem should be solved at our expense.

"At a meeting last week of a committee of the Brokers Association with a committee of the New York casualty managers, one company man made the statement that to his knowledge the actuaries and officials of the companies had taken every factor into considera-

tion in arriving at this new plan. But when we asked him if the factor of the cost of conducting a producer's office had been taken into consideration, he had to admit that it had not.

"The New York managers the other day asked us whether we had any definite suggestions to offer instead of the proposed plan. If this were a temporary emergency, if a time limit could be placed upon the change, with definite guaranteed assurance that at the expiration of that time full rates of commission would be restored, then we might be willing to agree to such a general flat reduction in commissions on compensation insurance as would offset the definite increase in rate established in different sections of the country, so that on each policy we would continue to receive 10 percent on the present basis of premium, foregoing any additional remuneration on the emergency increase in rate.

"But we fear that this is not a temporary emergency, and we have suffered before and are still suffering through making arrangements of that sort and then finding them permanent instead of temporary. The difficulty would be that in a very short while there would be such changes and modifications in rating method that the difference between the basic and increased rates could not be

determined. Also there would be great variation in rates of commissions on insurance of different classifications in the same state and between states. Therefore in any effort to work out a solution along the lines outlined above, that we forego our commission on emergency increase of premiums, we must ask that we be safeguarded against those possible complications and developments.

"We urge the prompt abandonment of the present plan, which is alienating producers, particularly New York brokers.

"We cannot imagine any mercantile or manufacturing house whose officers would be fatuous enough to believe that they could sell their product without adequate reimbursement for their salesman and service forces. We cannot understand why insurance officials should believe they are in any more favored position.

"Surely there is sufficient volume of premiums involved from the members of the Insurance Brokers Association of New York alone, without considering the other brokers' associations in New York and those in Boston, Chicago and elsewhere, to warrant an earnest effort on the part of the insurance companies to give a square deal to the brokers.

"Let us change that last wording and make it read 'to offer a square deal to

the brokers,' as we are not seeking to be 'given' anything, but to be properly paid for what we earn."

#### Discontinues Compensation

The Merchants Mutual Casualty of Buffalo is discontinuing workmen's compensation in New York State so far as new business is concerned except in some small towns where the line is written as an accommodation to agents. Both the Merchants Mutual and its stock running rate, the Guardian Casualty, are concentrating on automobile casualty. The Guardian discontinued workmen's compensation over a year ago and also practically cut out fidelity and surety.

#### Takes Over Seaboard Surety

Following examination of the Seaboard Surety of America with head offices in Los Angeles, Commissioner Mitchell of California has taken over the company with the approval of the superior court of the state and is now acting as receiver. The company, which wrote surety lines only, was found to be in bad financial shape with frozen assets and certain other conditions necessitating commissioner's action.

## Special Rate Consideration for Farmers

### A "Scoop" for Illinois National Casualty Agents

SEVERAL years of careful underwriting automobile insurance exclusively indicates that farmers drive their automobiles fewer miles, less hours, at lower rates of speed and with infrequent accidents.

These facts are proven and the Management feels that a rate consideration is in order. We are not cheapening our service or providing less coverage but issuing our regular standard policy at a special rate to a preferred class of automobile owners.

This is one of the many reasons why Illinois National Casualty agents in Illinois and Indiana are increasing their volume. To be able to offer a reliable Stock Company policy to farmers at rates based upon the experience of that group is a sales fact well worth your consideration.

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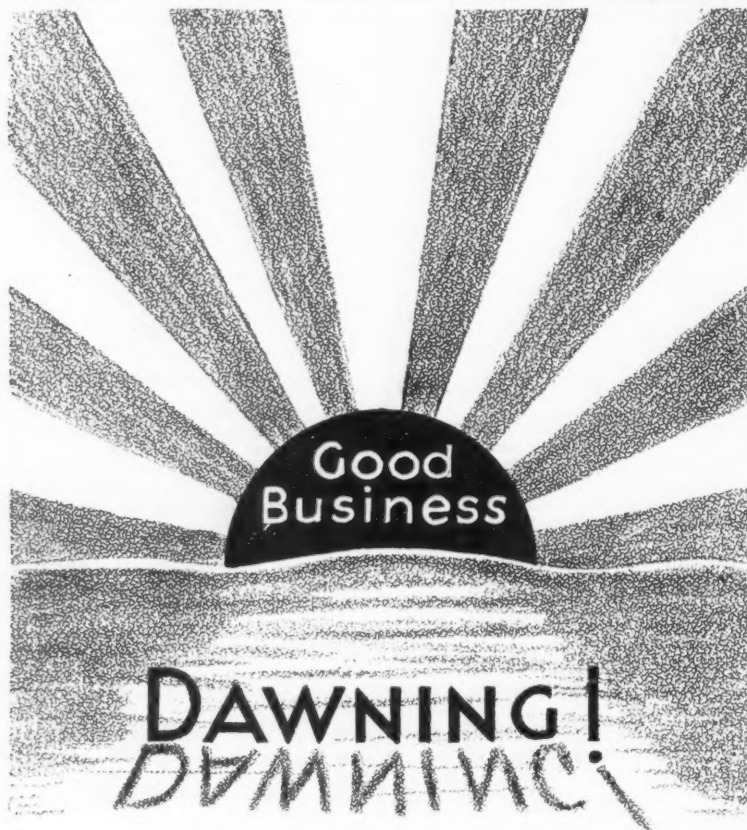
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## Cook Lists Blood Pressure Problems

(CONTINUED FROM PAGE 31)

ous refinements of medicine. In the consideration of cost greater attention should be given to those items, he declared.

He said that health is coming more and more to be regarded as a community problem. As a possible solution, he suggested that public health departments be given charge of "routine procedures" such as vaccination, toxin, antitoxin administrations, examination of school children, etc., while the more complex aspects of medicine be left to private practitioners.

### Argue Reimbursement Policy

Around the statement of Dr. Reynolds that the average direct cost per family for medical and hospital charges per year is \$80 arose a long discussion of how insurance might enter the picture through issuance of a medical and hospital reimbursement contract without restrictions. It was the opinion of some that the cost would be so high as to cause selection against the companies. There was discussion of the problem of doctors' charges to insurance companies. Dr. Reynolds admitted there is a certain amount of overcharging, but said the medical profession is distrustful of insurance companies because of their allegedly indiscriminate universal efforts to get doctors' charges reduced no matter what the justification.

It was finally decided that President Lebby should appoint a committee of four, two from Los Angeles and two from San Francisco, to consult with a committee of the California State Medical Association on these problems.

### Effect of Disability Changes

George Johnson, assistant manager United States Fidelity & Guaranty, San Francisco, emphasized the field that had been created for accident and health by the shunning of disability by the life companies.

L. C. Stearns said the life companies started in with disability like a man going into a dark room without a key. At least the non-cancellable companies had a key, he declared. He said the life companies eventually will find that they have not discovered the solution merely by quitting disability. The claims will continue and the premiums will continue to be inadequate. They will cast about to increase their income in that department and he predicted that they will return to the business by way of some sort of "non-can."

Fred W. Timby, manager Preferred Accident, San Francisco, said the problem of meeting the desire for disability coverage which the life companies formerly offered with some sort of accident and health program must be developed gradually. A. E. Kraus, general agent, San Francisco, and H. L. Burford, Continental Casualty, also participated in this discussion.

Mr. Johnson concluded this discussion by saying that the life companies had educated the public to disability benefits; they had given instruction in how to live without working and now they want the accident and health companies to play Santa Claus. The question, he said, is what policy will offer a satisfactory solution without being forced off the market quickly because of adverse experience.

### More Training Needed

In his speech accepting the presidency, Mr. Lebby said there is little real training of accident and health agents. Managers, he said, are not always prepared to give the required information. Mr. Lebby recalled that the Los Angeles Accident & Health Managers Club conducted its first sales congress last spring. There were 250 in attendance. At first there was some opposition, a few of the managers feeling the occasion might be utilized for raiding agents, but in the program the company affiliation of the

## Acquisition Cost Rules Appl to Five States

NEW YORK, Aug. 24.—The rule of the Fidelity Surety Acquisition Cost Conference defining the number of general agencies or branch offices and of district agencies each member company is entitled to maintain in Pennsylvania, New Jersey and Michigan, becomes operative Sept. 1, increasing to five the number of states thus regulated. Study of conditions in the remaining states continues, and agency limitation rules applicable thereto will be determined upon from time to time, until eventually the entire country is under control.

speakers was omitted. At this meeting, he said, a new spirit was developed.

Mr. Lebby told about Accident & Health Week in California, which was successful, but not as successful as it might have been, because Governor Rolph made the proclamation the first day of the week in which the campaign was to start. There was not enough time for preliminary ballyhoo.

A telegram of greetings was read from Harold R. Gordon, executive secretary Health & Accident Underwriters Conference.

### Manager Should "Raise Sights"

I. C. Cunningham, Occidental Life, said accident and health managers must "raise their sights." They should get a higher type of agent, he said. They should emphasize the importance of the business to new men. They should explain carefully the income possibilities in the business and should introduce the man to the business in such a way that he feels he is embarking on a potentially profitable and worthwhile activity. The crooks should not be admitted. There are too many "kleptomaniacs."

Training is vital, too, according to Mr. Cunningham. The new man is entitled to training from the day he enters the business until he leaves it. He will get the training some place and unless he gets it from the manager, he is likely to get it from the wrong sources.

### Too Much Specialization

Stephen Chelbay, assistant secretary of the Commercial Casualty and Metropolitan Casualty (incidentally there were seven Commercial-Metropolitan men on hand), said there is too much specialization in the accident and health field. Commercial men have no use for monthly premium men. There is opposition and hostility. The group department is an orphan. Specialty men are frowned upon.

P. C. Ackerman, manager accident and health department R. A. Rowan & Co., Los Angeles, discussed the advantages of membership in accident and health associations. The final speaker was Wayne R. Millington, attorney and adjuster of San Francisco, who is a candidate for the state assembly. He stressed the importance of an agent retaining the proper balance in his relationships with company and client.

## Small Claims in Great Abundance

(CONTINUED FROM PAGE 31)

not amount to so much as the expense attendant in settling them.

Many policyholders seem to gauge the value of their insurance by the fact that they have been able to collect something from the companies. Insurance thus becomes more or less speculative. It has been found that women at card parties are influenced to urge that claim be made on some trivial loss because one of their number has been able to collect a small loss. The situation has become a serious one and the question of handling it is being discussed informally by a number of officials.

## CHANGES IN CASUALTY FIELD

### Several Promotions in Field

**Citizens Casualty Elevates Elmer in Boston, Holmes in Trenton, N. J., and Smith in New York**

Several promotions have been announced by the Citizens Casualty of New York. George D. Elmer, assistant secretary in charge of the New England department at Boston, has been made resident vice-president. G. M. Holmes, assistant secretary in charge of the southern department, located at Trenton, N. J., has been made vice-president. Melvin J. Smith, manager of the New York state field department, has been appointed assistant secretary.

### Watkins to Home Office

Myron C. Watkins, field supervisor at Richmond, Va., for the United States Fidelity & Guaranty, has been transferred and attached to the agency and development department at the home office. He has been in Richmond for six years.

### Schemeaker with Standard

M. J. Schemeaker, who resigned recently as manager of the bond department of the United States Casualty's branch in Chicago, has returned to the Chicago branch of the Standard Accident as assistant manager under A. C. Arnold, manager bond department. Mr. Schemeaker has had some 15 years' casualty and surety experience, most of it with the Standard. He started with the Aetna in Chicago and went with the Standard in 1924. After about three years he went to Boston for the Standard and some six months later returned to the Chicago branch where he spent

nearly two years. He then went to the Pacific coast for the Commercial Casualty and Metropolitan Casualty, quitting that position when these companies were taken over by the Firemen's of Newark. He returned to Chicago, going with the U. S. Casualty.

**L. H. Rudd**, formerly head of the underwriting department at the Newark branch office of the Public Indemnity, who resigned Aug. 15, has joined the Newark agency of the North American Life. Mr. Rudd was a life underwriter before he entered the casualty field.

## Workmen's Compensation

### Experience Rating Is Upheld

**Van Schaick Decides Important Questions in Ruling on New York Compensation Case**

NEW YORK, Aug. 24.—In passing on the appeal of the National Container Corporation from a decision of the compensation insurance rating board, Superintendent Van Schaick ruled on several far-reaching questions. In effect he holds "that although the consolidation of four corporations may result in a new legal corporate entity, the combined experience of the four corporations may be used in promulgating an experience rating for the new corporation when the formation of the latter has not resulted in material changes in stock ownership, executive control and operative management." In other words the ruling refuses to exalt a corporate fiction at the

expense of common sense and practical insurance knowledge. The decision also upholds as non-discriminatory and valid the entire experience rating plan of the compensation insurance rating board.

### Scrip Workers Are Problem

**City Commissioner of Grand Rapids Raises Question Over Compensation Liability**

GRAND RAPIDS, MICH., Aug. 24.—An investigation has been asked by one of the city commissioners into the situation as regards workmen's compensation liability of the city for scrip workers on the welfare list. A recent supreme court decision is that such distress city employees are entitled to compensation on the basis of their scrip wages, although their jobs are makeshift in character. Considerable liability already has accrued, it was pointed out by Commissioner John McNabb. He questioned whether the scrip system should not be abandoned while inexperienced workers are being placed in hazardous occupations in order to work out their support.

Mr. McNabb's proposal for a probe, however, was derided by George Welsh, former city manager who resigned to run for governor. Mr. Welsh said compensation liability under the scrip system need not be greater than under any relief plan in which work is required of the recipients of aid. He pointed out that if a worker is injured the compensation serves to replace the aid already being given, and if it is excessive in comparison with relief the latter can be suspended until a balance is struck.

### RULING IN OHIO

COLUMBUS, O.—The Ohio attorney-general has ruled that persons who are doing odd jobs for cities and counties in return for charity extended to them

by the subdivisions are not entitled to compensation under the workmen's compensation act if they are injured in the course of employment. The ruling affects thousands of persons. Persons working on relief projects are, however, entitled to compensation in case of injury, the attorney-general has held.

### To Study Safety Problems

RICHMOND, VA., Aug. 24.—W. H. Nickels, Jr., member of the Virginia industrial commission, has been chosen chairman of the safety code commission created by act of the last legislature. The purpose of this commission will be to make an intensive study of problems connected with safety in industry and to suggest a definite program for enactment at the next session of the general assembly. The commission is composed of one member of the industrial commission, the commissioner of labor, and the state health commissioner.

### Travel Expense Decision

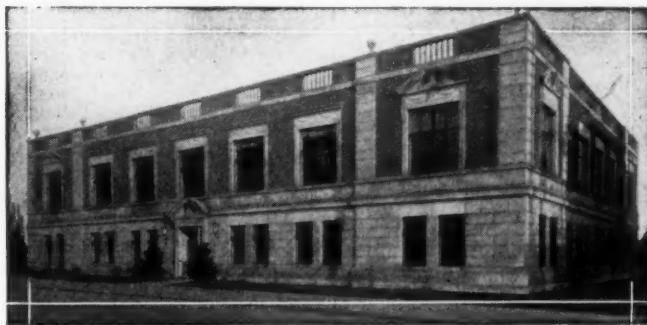
A test to determine whether an allowance for room and board to employees whose work involves travel should be included as wages in determining earnings under the compensation act, has been enunciated by the Connecticut supreme court in *Thibeault vs. General Outdoor Advertising Company, et al.* The test is: "Does the allowance represent a real and reasonably definite economic gain to the employee, reasonably within or at least not contrary to, the fair intent of the party."

### Kansas Accidents Decreased

There was a 10 percent drop in industrial accidents in Kansas in July as compared with June. The compensation commissioner's report showed 504 industrial accidents, 38 percent less than for July, 1931, and 54 percent less than in 1929, which is probably due largely to the continued decrease in employment.

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**\$3,204,645.43**



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## ACCIDENT AND HEALTH FIELD

### Colorado Companies' Action

**New Operating Plan of State Reserve Mutual and Gibraltar L. & A. Affects Dividends**

DENVER, Aug. 24.—Under a recent operating arrangement effected by the two accident and health companies affiliated with the Colorado Life, dividends to be paid to policyholders of the State Reserve Mutual are to be reckoned on the earnings of both its own business and that of the Gibraltar Life & Accident, according to announcement by Rex Bixby, general manager of the former company.

The offices of the State Reserve Mutual and the Gibraltar have been combined with a view of increasing the efficiency and reducing administrative expense. Mr. Bixby will be in charge of the agency forces of both companies, while W. J. McGettigan, vice-president of the Gibraltar, will have charge of claim settlements of both companies. A. C. Mitchell, secretary of the Gibraltar, will have supervision of the office work for both institutions.

The Gibraltar has been entered in six western states in addition to Colorado.

### Main Companies That Write Noncancellable Contracts

The companies writing noncancellable health and accident that reported \$100,000 in premiums or over last year are the Continental Assurance of Chicago, Continental Casualty, Craftsman of Springfield, Mass., Life & Casualty of Nashville, Loyal Protective of Boston, Massachusetts Accident of Boston, Massachusetts Protective of Boston, Monarch Life of Springfield, Mass., Mutual Benefit Health & Accident of Omaha, Pacific Mutual Life, Paul Revere Life of Worcester, Mass. The Massachusetts Protective writes far more than any other company, its premiums last year having been \$7,881,110. The Pacific Mutual comes next with \$4,061,995.

### Much Business Reinstated

MILWAUKEE, Aug. 24.—July results in the campaign of the Midland Casualty, Milwaukee, for revival of business were outstanding, according to John Patterson, president. One significant fact was that many policies were reinstated for their original amounts rather than being rewritten for smaller benefits. This is taken to indicate that a level is being reached, and that it can reasonably be expected that progress from now on will be even greater. Mr. Patterson points to the fact that at the same time that reinstatements were reaching new high marks. The number of lapses and cancellations fell off decidedly.

### POSITION WANTED

by aggressive man, 18 years' experience executive special agent, field supervisor. Thoroughly know casualty and surety, fire and allied lines. Agency following in Ohio, Michigan, Indiana, Kentucky, West Virginia, New York, Pennsylvania. Can secure a real volume of good business in the above states. The best of references.

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ness were outstanding, according to John Patterson, president. One significant fact was that many policies were reinstated for their original amounts rather than being rewritten for smaller benefits. This is taken to indicate that a level is being reached, and that it can reasonably be expected that progress from now on will be even greater. Mr. Patterson points to the fact that at the same time that reinstatements were reaching new high marks. The number of lapses and cancellations fell off decidedly.

### Eckert Assistant to Duffin

James R. Duffin, president of the Equitable Life & Casualty of Louisville, has appointed Carl J. Eckert of that city as his assistant. Mr. Eckert has been in the insurance business in Louisville for a number of years.

### Kentucky Home Is Licensed

The Kentucky Home Life of Louisville, just licensed in Kentucky to take over the defunct Inter-Southern Life, will write health and accident insurance in addition to life.

The Gibraltar Life & Accident of Denver has been licensed in California. John H. Riordan, former attorney for the insurance department, is named as temporary general agent.

## Fidelity-Surety Activities

### Most Bonds on Federal Work

**Local Public Building Held Up by  
Demands for Tax Reductions  
—Judicial Business Good**

Contract bonds now being written by surety companies very largely cover federal construction, plus some road work in certain states and municipalities. The financial straits in which many of the states, counties and cities throughout the country find themselves at the present time and the insistent demand by taxpayers for a reduction in public expenditures have substantially checked the carrying out of many intended public enterprises, some highly essential.

In New York City, whose taxable values exceed those of any city on the globe, various divisions of the municipal government have awarded construction contracts of late only to be informed by the comptroller that no funds are available for their payment. The income of the surety writing companies, so far as their contract bond receipts are concerned, will be considerably less in 1932 unless there is a substantial revival of activity. Judicial bonds of different types are being issued about as usual.

### Contract Business Is Less

**Municipalities and Other Public Bodies  
Have Shut Down on Making  
Usual Improvements**

From all parts of the country agents are complaining of less contract bond business. About all there is loose at this time is concerned with federal government contracts. So far as municipalities, counties, townships and the like are concerned, there is very little work being done. Where any project is being prosecuted, the contractor is obliged to take tax anticipation warrants, special assessment bonds and similar securities. As the banks are all loaded with such, it is extremely difficult for contractors to convert them into cash. Private

work is down to the minimum. Inasmuch as banks have financed local governments and are carrying a large part of their tax warrants, assessment bonds and the like, they are demanding a reduction in expenditures and therefore these governments are shutting down on any sort of improvements.

### Pays \$500,000 Fidelity Claim

BALTIMORE, Aug. 24.—A check for \$500,000 was sent to the brokerage house of J. S. Bache & Co., New York, by the United States Fidelity & Guaranty, in settlement of a shortage in the accounts of a trusted employee of the firm, which was recently discovered by auditors.

## Casualty Company Activities

### Semi-annual Figures Given

**Number of Casualty and Surety Companies Have Filed Their Statements  
as of June 30**

Semi-annual reports of companies follow:

**Continental Casualty.**—Assets \$21,799,625, capital \$1,750,000, premium reserve \$7,833,978, net surplus \$2,430,760, premium six months, \$7,342,932.

**Western & Southern Indemnity.**—Assets \$1,446,301, capital \$500,000, net surplus \$946,301; premium reserve \$580,639, premiums \$660,717.

**Royal Indemnity.**—Assets \$27,262,050, capital \$2,500,000, net surplus \$1,040,131, contingent reserve \$4,578,605, premium reserve \$6,483,514, premiums \$7,180,087.

**Independence Indemnity.**—Assets \$13,134,579, capital \$1,000,000, net surplus \$1,230,269.

**Century Indemnity.**—Assets \$6,172,038, capital \$750,000, net surplus \$328,195, premium reserve \$2,098,183, premiums \$2,619,882.

**Fidelity & Casualty.**—Assets \$32,563,846, capital \$2,200,000, net surplus \$1,034,459, premium reserve \$13,800,032, premiums \$13,426,626.

**Globe Indemnity.**—Assets \$33,722,015, capital \$2,500,000, net surplus \$1,193,681, contingency reserve \$6,547,416, premium reserve \$8,799,126.

**Fireman's Fund Indemnity.**—Assets \$4,853,904, capital \$1,000,000, net surplus \$1,944,929, premium reserve \$1,153,170, premiums \$1,213,295.

**American Surety.**—Assets \$27,366,422, capital \$7,500,000, surplus \$1,838,563, premium reserve \$6,117,645.

### Midwest Indemnity Starts Soon

The Midwest Indemnity, in progress of organization at Oklahoma City, will move into new and larger quarters Sept. 1. Col. W. L. Taylor, president, states that while the company is not quite ready to start writing business, it should be functioning within the next 30 or 60 days. The company is receiving many inquiries from agents over the middle west.

### Alabama Liability Bill

MONTGOMERY, ALA., Aug. 24.—A bill requiring automobile drivers under certain conditions to take out liability insurance has been introduced in the Alabama legislature. Those found at fault in an accident would be required to provide liability protection or else be barred from driving in the future. The Alabama Association of Insurance Agents is backing the bill, as it did a similar measure in the 1931 session of the legislature.

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**C**ALENDARS are inside bill boards hanging in your prospects' and customers' homes everlastingly hammering home the idea that you are the man to buy insurance from.

Calendars are indispensable—people need them for constant reference in their homes and places of business. There is no other form of inexpensive advertising that even approaches the longevity of calendars.

Calendars make ideal advertising for the insurance man who has only limited funds to spend for advertising. For less than \$30 a man can purchase 200 National Underwriter Insurance Calendars and distribute them to 200 of his select customers and prospects and know that his name and advertisement will be seen by them every day of the coming year. There is practically no waste in calendar advertising as you can give calendars only to people that have the money to buy insurance.

## Two Angles Considered

In designing its insurance calendars, The National Underwriter considered the problem from two angles: What kind of a calendar does the average person want to hang on his wall? (2) What type of calendar can best advertise the insurance man's business?

People's taste has been improved markedly in recent years, especially those people who are in position to pay substantial insurance premiums. Huge, poorly printed, red and black calendars that have the advertiser's name in letters ten inches high are no longer popular. Merchants and business men have improved their stores and offices and such a calendar looks out of place hung on their walls.

## New Size Proves Popular

Homes are better furnished nowadays and naturally loud, homely looking calendars are frowned upon. So it was decided to hold the size of the National Underwriter Calendar down to a size which would be practical and could be seen across the room yet would not be objectionable. The nine by sixteen inch size adopted has proven very popular and proves that this is the size calendar people want.

People like to look at pictures, because pictures tell the story better than words. Centuries ago Chinese wise men said "A picture is worth a 1,000 words" but in recent times people have become even more picture minded. Movies and newspaper rotogravure sections have contributed their share along this line. A recent advertising study of the reading habits of 40,000 newspaper readers showed that 90 percent read the picture page.

## Striking Pictures Used

With this in mind it was decided to use attractive and striking insurance pictures to illustrate National Underwriter Calendars because people like pictures and because pictures effectively present the needs and uses for insurance. A person gets tired looking at the same picture for twelve months so it was decided to have a new picture for each month so that when each old monthly sheet is torn off there is a renewed interest in the calendar.



Year around National Underwriter Insurance Calendars, with your name and advertisement printed at the top of every sheet, hang like an inside bill board in your prospects' and customers' home everlastingly hammering home the idea that you are the man from whom to buy insurance.

Furthermore twelve different needs and uses for insurance are thus shown.

The National Underwriter Insurance Calendars are tastily designed from an artistic standpoint. The two colors, grey and green, stand out yet harmonize. The pictures were carefully chosen, the twelve pictures costing several hundred dollars. The calendars are printed in rotogravure as this process produces pictures of unusually good tone and quality. Much time and money were spent in the preparation of these calendars so they would combine the two important points of being what people want to hang on their walls and what would best sell insurance.

## Benefit from Holiday Spirit

Another point in favor of calendar advertising is that the calendars can be distributed at Christmas time and you can benefit from the friendly holiday spirit. In order to tie up with the holiday atmosphere attractive greeting labels are included free with all calendars ordered wrapped for mailing.

If it is possible, it is best that you deliver your calendars yourself, wishing your customers a Merry

The National Underwriter Insurance Calendar has twelve large (9x16 inch) sheets with a different insurance sales picture and caption on every sheet. Your name is printed in large bold type at the top of every sheet where it is seen by all eyes. The twelve sheets are bound together at the top by a piece of tin which has a hinged eyelet for hanging. The calendar pad is large and can be seen across the room. The calendar is attractively printed in two color (grey and green) rotogravure.

The National Underwriter sells both fire and casualty and life insurance calendars for insurance men to distribute to their old customers and prospects. If you wish to see a complete sample send 10 cents in stamps and the style you desire to The National Underwriter, A-1946 Insurance Exchange, Chicago.

Christmas and a Happy New Year. But if you wish, you can purchase the calendars already inserted in pull string wrappers so all you have to do is to address the labels and put on three cents in stamps and drop them in the mail. The pull string wrappers have a heavy thread down the side and when it is pulled the wrapper comes off without damaging the calendar.

## Advisable to Order Early

Calendars have to be imprinted with your advertisement so you must order them early so as to get early delivery. This is especially true in case of National Underwriter Insurance Calendars because your name and advertisement is printed at the top of every sheet.

Another advantage of ordering your insurance calendars early is that you can secure the exclusive franchise for using National Underwriter calendars in your city, if it is less than 100,000 population, and get the jump on your fellow townsmen in the insurance business.

The National Underwriter will be glad to give you full information regarding its business building insurance calendars. Just write to A-1946 Insurance Exchange, Chicago. If you wish a complete sample of the calendar send 10 cents in stamps.



"Clinton Bank  
Robbed,"  
the message said

## and the adjuster *Flew*

. . . . to the Scene of the Crime

**A**N agent or broker gets his income from selling. But it is prompt payment of claims that builds his reputation and his business.

On March 15, 1932, four bandits held up the City National Bank of Clinton, Iowa. Wires hummed with the news. Immediately claim men of the U. S. F. & G. were on the way—from Davenport, from Dubuque, from Des Moines.

Said the local paper: "The loss was checked and adjusted by one o'clock in the afternoon, representatives of the United States Fidelity and Guaranty Company being present, one having arrived from Des Moines by airplane."

Adjust quickly. Pay promptly. In good times and bad. That has always been the practice of the U. S. F. & G.

Since 1896 the U. S. F. & G. has promptly paid out \$280,000,000 in claims and adjustment expenses. Today that prompt payment policy stands as an assurance to agents and brokers that they are insuring the future of their own business when they insure clients with the U. S. F. & G. and the F. & G. Fire.

These *Local-Agency-Minded* Companies originated the slogan, "Consult your Agent or Broker as you would your Doctor or Lawyer."



Unexcelled service on all casualty, surety, fire and inland marine lines through 11,000 Agencies and Branch offices in the United States and Dominion of Canada.

### United States Fidelity & Guaranty Co.

*with which is affiliated*

. . . *Fidelity & Guaranty Fire Corporation* . . .

HOME OFFICES: BALTIMORE, MD.

